

Speed Wartime Financing

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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MAY, 1942

WAR DAMAGE PRECAUTIONS... CONSERVATION IDEAS... DIRECTORS
PRIORITIES... LEGAL ANSWERS... CREDIT CLINICS... MAIN STREET
CARTOON FABLE... WASHINGTON... BOOKS... METHODS... NEWS

An Intensified Threat to Banks — and How to Meet it



War in 1942 differs from the 1917-18 version, but bank executives will find one important parallel.

IN 1917-18: The armed services and war industries drew many of the most capable and trusted employees out of banks. New people had to be selected and trained hastily, often without the customary thorough investigation of references, and frequently they were moved up rapidly into responsible positions. Many time-honored safeguards were sacrificed for speed and simplicity. Living costs sky-rocketed.

RESULT: A sharp increase—both as to number and size—in employee defalcations.

IN 1941-42: The same basic situation that developed in 1917-18—but vaster, more acute.

RESULT: Already there are definite indications of an upswing in embezzlements. In the last few weeks several unusually large bank shortages have been revealed.

Obviously, this is a time for prudent bankers to take stock of their dishonesty protection, to make sure that they are not running risks which, with the benefit of hindsight in later years, might look like gross carelessness.

In the last two years, reductions totaling about 30% in rates for Bankers Blanket Bonds have brought

the cost of this essential coverage to the lowest point in history. In addition, there now is available a new form of Bankers Blanket Bond which affords even broader coverage than the popular forms 8 and 2.

For all these reasons, we earnestly recommend that you immediately review your present dishonesty protection and confer with your local insurance counselor as to the steps that may be needed to bring your coverage in line with present conditions. If desired, our own experts will gladly cooperate with your insurance agent or broker in the formulation of a program that will give your bank maximum protection at minimum cost.

FIDELITY AND DEPOSIT COMPANY

O F M A R Y L A N D , B A L T I M O R E

WITH WHICH IS AFFILIATED THE AMERICAN BONDING COMPANY OF BALTIMORE

Just a Minute

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

CONTENTS FOR MAY 1942



OEM PHOTO

Conversion: In this abandoned freight car factory, freighters for the merchant fleet are being assembled

Speed!

LAST MONTH it was "Speed Wartime Production!"

This month it's "Speed Wartime Financing!"

We're speaking now of BANKING'S No. 1 articles, the motif for the issue. "Cutting Credit Corners" and "The Tougher They Come" provide a sequence that will bring you up to date (as up to date, that is, as anything can be in this swiftly changing scene) on the efforts of banks and government to provide the wherewithal for the ultimate victory.

"Eyes Front"

ECONOMIST PAUL CADMAN is back in BANKING, this time with an "after-the-war" article. He pays particular attention to changes that are coming, if they're not already here, and to the part banks should have in the plans for them.

For, says Dr. CADMAN, "planning is the order of the day and it is of the utmost importance that the social architecture be in the hands of experienced men who are capable of a social point of view.

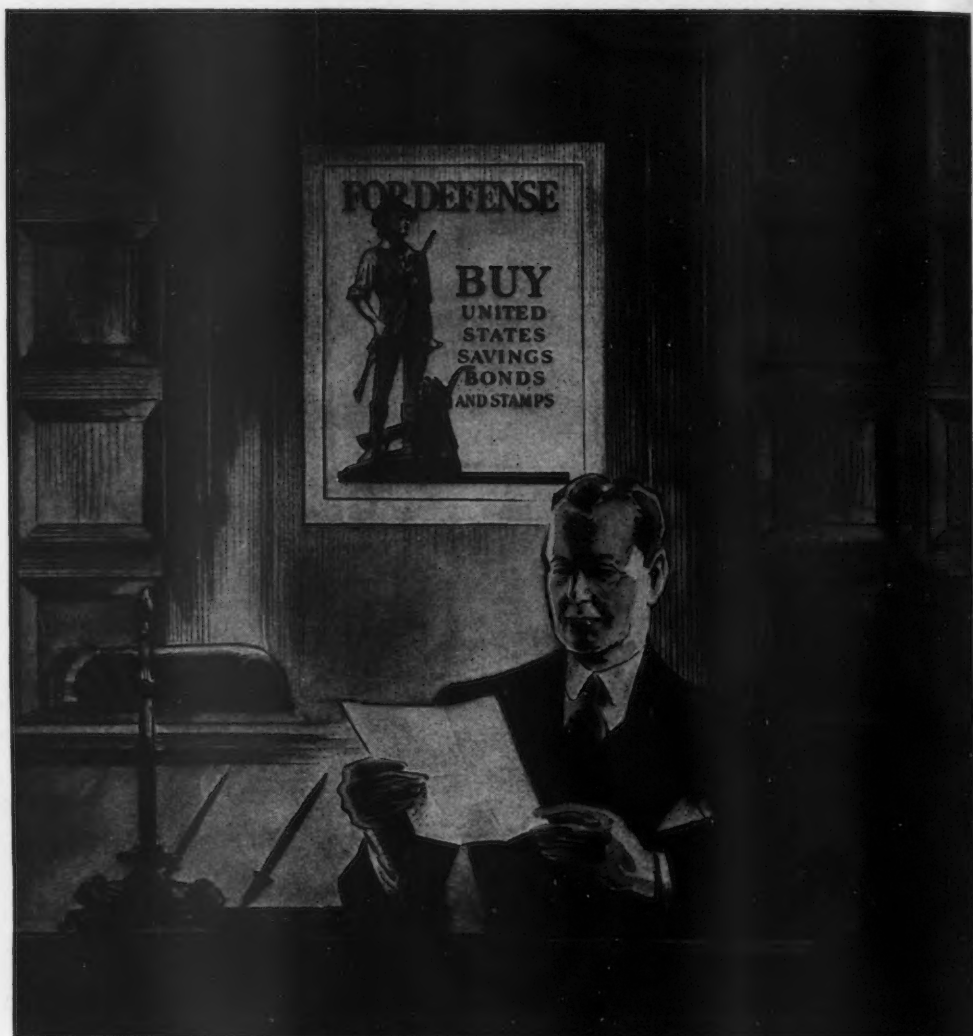
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THE BANKER'S PART IN A NATION AT WAR



Most of us fail to appreciate what a vital role is the banker's in these difficult times. Actually he is no less essential to this nation's war effort than the man at the lathe, the gunner in the turret, the pilot at the controls. In fact, under our present economy, it would be impossible to wage war or carry on the business of peace without his services. » » Banks not only play an important part in financing the war, but offer a service which expedites every major financial transaction. » » America couldn't get along without the Banker — and one of the devices which enables the banker to function so

smoothly and efficiently is checks. That's why they have become the medium of exchange for over 90% of today's business. » » It is as important to protect checks against fraudulent manipulation — alteration or counterfeiting — as it is to protect our currency. Most of the leading banks as well as prominent corporations everywhere depend upon LaMonte Safety Papers for that protection. The safety paper "identified by the wavy lines" is accepted from coast to coast as the standard of protection for checks. » » Your lithographer or printer will show you samples of these highly individual check papers.



LA MONTE *Safety* PAPER

GEORGE LA MONTE & SON
BOSTON NEW YORK



JUST A MINUTE—Continued-

"The blueprint for post-war banking will not be drawn on horseback. It is high time that banking enter the drafting room with skill, adaptability, courage and goodwill, lest men of less ability and understanding preempt the opportunity."

Service Flags and Services

FRANKLY, we know as well as you do that the photograph gallery on this page is a very unsatisfactory sample of

the activities of bank people in the war effort.

However, we hope you will enlarge it 14,000-odd times so as to encompass all banks, remembering to add many extra-curricular duties that didn't get before the cameras.

Banking's composite service flag would be quite a banner, and the roster of bank Red Cross workers, first aid students, air raid wardens, and other civilian defenders would be indeed an army.

(CONTINUED ON PAGE 5)



The Red Cross unit of the First National Bank of Chicago, above, has a membership of approximately 600, or half the women employees



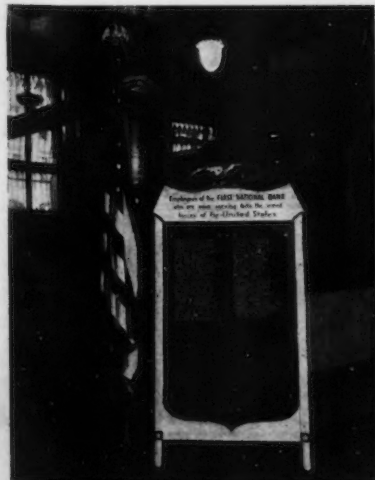
Above, the State-Planters Bank & Trust Company, Richmond, displays beneath its service flag the names of its employees in the armed forces



Above, the Federal Trust Company, Newark, New Jersey, unveils a service flag. Below, the First National Bank in St. Louis honors its service men with this lobby roster



More than 115 staff members of the Land Title Bank and Trust Company, Philadelphia, each gave a pint of blood to the Red Cross. The first donor was President Percy C. Madeira, Jr., above. Below, Red Cross workers of the National City Bank of New York unit which has made more than 4,500 garments



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for
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Union Central offers new low-cost pure protection, built for war years!

Have you stopped to consider what the war has done to your insurance set-up?

When you bought your insurance the country was in a period of normal living costs. Income taxes were lower, and estate taxes affected only the top brackets. Naturally, you based your insurance plans on those conditions.

But today, if you died, your wife would have to pay more for practically everything... food, clothing, shelter. She'd probably have to pay four big installments on your income tax and possibly new estate taxes, too.

Where would she get the extra money?

Union Central has the answer for you. We have created a brand new insurance policy, designed precisely to fit your wartime situation. One that takes into consideration not only your family's needs, but the current strain on your own budget.

This policy is *pure protection*, stripped down to essentials. Large savings have been made by eliminating surrender values and conversion privileges, and by limiting purchases to substantial units. As a result, the

premium is only about *half* of what you'd pay for ordinary, straight life insurance. Never before, in our 75 years, have we offered fathers so much protection for so few premium dollars.

You'll find complete details on this timely new policy, in Union Central's new booklet, "Pure Protection." Send the coupon for it today!



The Union Central Life Insurance Co.
Dept. G-2, Cincinnati, Ohio

Please send me a copy of booklet
"Pure Protection."

Name.....
Address.....
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75th ANNIVERSARY

The Union Central Life Insurance Company & Cincinnati

Over \$400,000,000 in assets

A CITIZEN'S PLEDGE in WARTIME AMERICA

I pledge myself to the common cause by eager submission to any sacrifice that hastens Victory.
I will keep physically fit and spiritually calm.
I will not indulge in careless talk, in idle fears, or selfish ambitions.
I will exert my greatest energies to help in the fulfillment of our War Production Program.
I will give generously of my time to Civilian Defense Projects.
I appreciate that business is not as usual. I accept this situation cheerfully and pledge myself to do nothing in my business which will interfere with my country's need.
I recognize that the home represents the hope of America. I will help to keep it a shrine of harmony and beauty... a citadel of strength and courage.
I will conserve materials.
I will not hoard.
I will systematically save so as to anticipate my taxes. I will pay these cheerfully and promptly.
I will invest in Saving Bonds and Stamps.
I will always bear in mind that as a loyal citizen of this great democracy it is my personal responsibility to defend it to the utmost.

The pledge reproduced above was prepared by the Civilian Morale Committee of the Cleveland Advertising Club, chairman of which is Dale Brown, National City Bank

War Savers

WE MEAN two kinds—those who are buying War Bonds and those who are conserving the things that have gone with Priorities.

Each is covered in this issue of **BANKING**, the bonds in our special "Victory Is Our Business" section, the conservers in "The Anti-Wasters Department" which is an up-to-date and adequate title for the pages we've been labelling "Equipment and Ideas."

You're going to hear a lot about conservation in these next months and years, so keep posted on ways and means of making your present equipment last. **BANKING** will be as helpful as possible in reporting what other banks are doing along this line.

If you have any suggestions, if your bank has found a way to cut down waste, make economical shortcuts in operations, or otherwise stimulate the spirit of the time, write us.

Read This One

WE ASKED EDWARD H. COLLINS, a valued contributor, to write us a summary of war damage precautions for banks. His report covers protective ideas, insurance, and protective equipment, and other useful information.

May you never need to use it!

May 1942

SPECIAL CHECKS TO MEET PRECISION REQUIREMENTS

Bank checks, nowadays, so often form an integral part of accounting systems that they are no longer orthodox in design. Small concerns as well as large use them for records far removed from their natural function, and since the passage of the Social Security Act, payroll checks have expanded into complicated instruments.

All of these changes demand an alertness on the part of check manufacturers to new inspection standards. It is necessary to produce within

close precision limits because very little tolerance is allowed when checks have to register accurately with other records of the corporation.

In designing these unusual checks we observe always that they be in accordance with bank requirements as to size, position of amount, signature, date and number, in order that no confusion will be created in the bank's operations. To your customers who need special checks of this character we offer our facilities.



Manufacturing Plants at

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AMERICA —our pledge



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Insurance Company

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Insurance Company

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- Income and Estate Taxes—
- Continuous Property Records—
- Reorganization—Regulation—
- Court Testimony—Insurance



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"HANDLE THROUGH BANKERS TRUST IN DES MOINES"



**"For Safety and
Convenience, we're
maintaining an
account there"**

Acceleration of our war program is bringing a westward sweep of industrial activity. Realizing that this means new opportunities and new responsibilities, we are prepared to extend ever broader services to correspondents.

Besides locational and business advantages, the Bankers Trust offers complete safe-keeping services, fully departmentalized and up-to-date facilities. Knowing what a connection in this territory can mean under present conditions, we invite correspondence with all banks to which we can be useful.

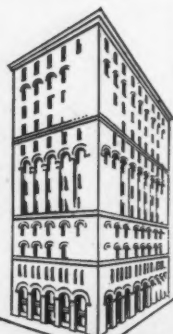
The Bankers Trust Company will soon celebrate its 25th Anniversary. This will emphasize the significant fact that in our 25 years of business, resources have grown steadily from \$2,600,000 in 1917 to more than \$26,000,000 today.

**BANKERS
TRUST
COMPANY**

DES MOINES

IOWA

Member F. D. I. C.



"Slacker Dollars"

THE EAST NEW YORK SAVINGS BANK of Brooklyn has asked all its safe deposit box renters to remove hoarded currency from the boxes.

Referring to this money as "slacker dollars," President Edward A. Richards suggested that such funds either be deposited or used to buy War Savings Bonds.

"This bank," he said, "will not knowingly provide facilities for the hoarding of money. It insists that any safe deposit box renter who has cash or currency in any box in any of our vaults forthwith remove the same therefrom. If you know of any one hoarding cash or currency anywhere, please notify the undersigned so that the information may be presented to the proper authorities."

110 Miles from Tidewater

THE OTHER day the postman brought an article that sold itself after we'd read three paragraphs. The journalist in us surged upward with a great surging and we said:

"My boy, there's a story!"

And it is.

We're referring to Mr. PARKER's account of the customer relations doings at his bank. Fishing trips, bowling matches, save-your-tires rides to the city, social visits at the homes of newcomers—these are a few of the interesting flourishes in a program that has been attended by steady growth for the Bank of Powhatan, at Powhatan, Virginia.

There's a lot more that could be said about Mr. PARKER's business-building, but he says it very well himself, so we won't interfere with what you'll find on page 32.

Thank You, Commonwealth Trust

A COUPLE of months ago we published a cartoon by Warren Evans, Jr. A man with an auto tire, studying a safe deposit box sign alongside a teller's window, was asking the teller: "How large are they?"

The Commonwealth Trust Company of Pittsburgh liked the picture and asked permission to use it in some safe deposit advertising. BANKING was willing, and the bank published a couple of "Buy Defense Savings Bonds out of earnings—rent a safe deposit box" ads, with the cartoon prominent in the layout.

We hope the results were satisfactory.

(CONTINUED ON PAGE 8)

You're Missing Something Vital

unless you're reading

BANKING'S

WAR ACTION

NEWS LETTER

(formerly Defense News Letter)

NOT just another "news letter" to cumber up the right-hand corner of your desk. But a vital, up-to-the-minute digest of information on War and Banking culled from BANKING's own exclusive sources especially for bankers. Saves reading all the others.

We're all in this total war effort now — the smaller banks looking after loans in the Food for Freedom program and the larger banks financing war production.

Make sure that your bank and your staff have the benefit of the news as supplied by your own official BANKING's NEWS LETTER. Published monthly at midmonth. The price is only \$1.50 a year.

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Hats off to
these unsung guardians
of your health



THE PLUMBERS of America are doing a great job these days... protecting your health, keeping your homes secure and comfortable as possible, in spite of curtailed supplies of plumbing and heating materials.

They realize that copper, brass and Everdur (copper-silicon alloy)—basic metals of their trade—must be diverted to war production... that scarcely any is available for rustproof piping, or hot water heaters, or for the many other everyday uses where these dependable metals bring such welcome economies. Undreamed-of quantities of

copper and brass are needed to help win this war: a huge amount for ammunition, still more for the electrification of war materiel, and most of what's left for the many maritime and industrial uses for which there are no satisfactory substitutes.

But this your plumbing contractor knows from experience: When our national emergency is over, users of Anaconda Copper and Brass will again benefit from the research Anaconda is carrying on today and every day—the same calibre of research that pioneered brass-pipe plumbing, that

paved the way for copper tubing... and made long-lasting rustproof water piping available to even the most modest home.

Anaconda Research is working with redoubled activity for victory—at the same time leaving nothing undone that might give Anaconda Copper and Brass new usefulness in the peace-time future.

THE AMERICAN BRASS COMPANY
General Offices: Waterbury, Connecticut
Subsidiary of Anaconda Copper Mining Company
In Canada: ANACONDA AMERICAN BRASS LTD., New Toronto, Ont.

NOTE TO BANKERS

Tens of thousands of people who will read this and similar advertisements in "Time Magazine" will build with rustproof copper and brass when these metals are once again available... and the homes they build will afford better long-term mortgage security.

Anaconda Copper & Brass

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NATIONAL BANK OF DETROIT

Complete Banking and Trust Service

Statement of Condition April 4, 1942

RESOURCES

Cash on Hand and Due from Other Banks	\$212,687,703.77	
United States Government Obligations, direct or fully guaranteed	282,840,346.20	
Other Securities	62,751,158.39	
Stock in Federal Reserve Bank	900,000.00	
Loans:		
Loans and Discounts	\$ 87,596,695.90	
Real Estate Mortgages	16,761,690.98	
Overdrafts	76,796.12	104,435,183.00
Branch Buildings and Leasehold Improvements		1,097,413.47
Accrued Income Receivable—Net		1,693,473.88
Prepaid Expense		654,040.68
Customers' Liability Account of Acceptances and Letters of Credit		2,176,446.92
TOTAL RESOURCES	\$669,235,766.31	

LIABILITIES

Deposits:		
Commercial, Bank and Savings	\$556,648,083.90	
U. S. Government	28,938,710.96	
Treasurer, State of Michigan	25,001,211.04	
Other Public Deposits	18,692,478.58	\$629,280,484.48
Capital Account:		
Preferred Stock (345,000 shares)	8,625,000.00	
Common Stock (1,000,000 shares)	10,000,000.00	
Surplus	11,375,000.00	
Undivided Profits	5,485,116.03	35,485,116.03
Reserves		2,293,718.88
Our Liability Account of Acceptances and Letters of Credit		2,176,446.92
TOTAL LIABILITIES	\$669,235,766.31	

United States Government securities carried at \$53,543,748.75 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.

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This bank acts as Trustee, Executor and Corporate Agent

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INCLUDE U. S. WAR SAVINGS BONDS IN YOUR SAVINGS

JUST A MINUTE — Continued

Food for the Fight

MEMBERS of the American Bankers Association Food-for-Freedom Committee this month report on activities, planned and under way, in their territories. (Page 76.)

C. W. BAILEY, chairman of the committee and president of the First National Bank, Clarksville, Tennessee, says the program, as he sees it, "is a whirlwind of success."

"One of the most significant features," he asserts, "is the manner in which the city banks have recognized the possibility for good through using the Food-for-Freedom Manual (published by the Association) as an instrumentality for closer relationship with country bank correspondents. Responses have come from coast to coast and from northern to southern border, evidencing the most gratifying interest and willingness to cooperate."

"Those state meetings which I have been privileged to attend have been characterized by an immediate grasp of the need and the opportunity which have been placed in the laps of the country banks. Their conclusion, after discussion, is that if there is a job for us to do, we must see that it is done."

"In the last analysis, when the complete story has been told, it will be found that there have been thousands of individual cases where the Food-for-Freedom plan has been put into operation and certain results have been accomplished without the use of credit from any source. The resources of this country are so great, and the resourcefulness of the individual has such great possibilities, that much for the good of the program will be carried into execution, and we will never know anything about it."

Louis East, of W. B. Worthen Company, Bankers, Little Rock, took the picture below. In case you're puzzled, it's a scene in an area devastated by a tornado. One property owner, tired of answering questions, had a bright idea



War-grams

WE are going places. We will get somewhere. And we are going to have a couple of years, perhaps three years, before we can make sure that our type of civilization is going to survive. I am perfectly confident of it myself. We have all got to sacrifice. But we are going to come out the winner in the long run.—PRESIDENT ROOSEVELT.

★

We can see daylight ahead in our whole war production effort.—DONALD NELSON.

★

We will not have won the war if, on defeating the forces of aggression, we permit our free institutions to be wrecked or undermined.—EMIL SCHRAM, president, New York Stock Exchange.

★

THE tide is on the turn.—ERNEST BEVIN, British Labor Minister.

★

I AM more convinced than ever that we are going to get on the offensive ... at the earliest practicable moment.—Secretary of War STIMSON.

★

WE shall win or we shall die, and to this I pledge you the full resources of all the mighty power of my country and all the blood of my countrymen.—General MACARTHUR.

★

FOR the first time in the history of our Government, labor has voluntarily yielded its right to strike.—PHILIP MURRAY, C.I.O. president.

★

I PUBLICLY disavow any strikes of any kind by any A.F. of L. union for the duration.—WILLIAM GREEN.

★

It is obvious that the war can't be won without the brains of industry.—W. S. FARISH, president, Standard Oil Company (New Jersey).

★

THE next six months will determine whether this war will be a 40-month war or a 40-year war. God help us if the Russian Army is destroyed.—JOSEPH E. DAVIES, former U. S. Ambassador to Russia.

Mr. Rand believes four heads are better than one!



MOST PEOPLE THINK OF JIM RAND as the man who introduced the multiple-head electric shaver ... and it's true that the new Remington "Foursome" has revolutionized shaving ideas. But Mr. Rand's contribution to American welfare has gone far beyond cutting down America's shaving time. As a servant of industry ...



REMINGTON RAND HAS HELPED SPEED UP THE "PAPER-WORK" so vital to every wartime activity. It offers business a complete line of tools, from typewriters and calculating machines to sabotage-proof filing cabinets. In addition, it has turned over many of its facilities to the manufacture of actual war weapons. Like other leading industries, Remington Rand is a customer of The Marine Trust Company ...



"THE MARINE'S AFFILIATED BANKING OFFICES in 38 New York State communities," Mr. Rand comments, "more than match our own set-up of 22 New York State locations." Through these other Marine Midland Banks, the Marine offers more service than any other bank to companies doing business in New York State.

MARINE TRUST COMPANY, BUFFALO, NEW YORK

THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

THE OUTLOOK. The banks of the country are now engaged in a thorough re-examination of the whole process of financing the business of war, in the light of present conditions, new problems, greater production requirements and the changes that have taken place since the start of the armament program.

The purpose is to make certain that there is no credit bottleneck along the nation's production line.

While a great deal has already been done toward meeting wartime need for credit with wartime speed in making loans, the greatly quickened pace of the war production program makes it necessary for the wheels of banking to turn just that much faster.

In fact, not theory, the banking system is being converted to credit production for war and essential civilian purposes and effects will be felt in every community.

FARMS. On the farm production side the banks are coordinating their efforts county by county and state by state to aid the national Food-for-Freedom program. The vigor with which the work is being carried on is bound to have a stimulating influence on the condition of business in all rural areas.

FACTORIES. For greater factory output and the employment of all our bits and pieces the banks are now set to act as spearheads in their localities to the end that thousands of plants now struggling to get along by one meagre device or another will be put to work on war orders. The possibilities in this direction are limited only by the ability of a concern to deliver something needed by the Army, Navy or Maritime Commission.

While it is doubtless true that the 60,000 smallest factories in the country, constituting about one-third of the total number, cannot deliver precision work that meets ordnance requirements, the needs of the quartermaster division are of a different character, being as varied as those of a department store.

THREE OBJECTIVES. So there are three things mainly that banks can do and are now working to accomplish: one is to speed up the process of financing wherever possible at each stage from contracting to delivery. The second is to see that the banking machinery is closely synchronized with Governmental agencies concerned with the financing job. The third is to make sure by means of careful community checkups that no plants and mechanical facilities needed to expand the war production schedule are idle for want of credit. It is an outside program, a get-out-of-the-bank and take-the-initiative program.

FINANCING THE CHANGEOVER. In addition to bringing thousands of small concerns into some phase of war production there is another reason why the present program of the banks, working closely in cooperation with the Army, Navy and Maritime Commission, through a system of guaranteed loans, is especially timely.

Recent curtailment, conversion and stop orders issued by the war production authorities will affect thousands of small manufacturing concerns during the next few months.

What we have seen up to this time is actually no more than preliminary, in a sense that the real impact of the changeover has not yet struck that large number of industries producing the thousand and one items that fill the shelves and counters of Main Street. It won't be long and the affected concerns will not immediately find other things to do with their men and machines. They will face a difficult period of readjustment and large amounts of bank credit will be required.

THE CONDITION OF MAIN STREET. The effect on retail and wholesale distributors will not be immediately noticeable because we still have on hand large stocks of most of the products already under restriction or in the process of being curtailed or entirely suppressed. The restrictive and curtailment orders already in existence and those which we know are going to take effect in the next month or so provide an accurate preview of a simpler, leaner Main Street just ahead.

We can be certain that thousands of accustomed necessities and gadgets of every kind will gradually disappear from windows and showcases where they have long furnished such reassuring evidence that wartime shortages of consumer goods must be just something that you read about in the papers. In England retail trade declined anywhere from one-third to one-half in 1941 compared to 1940 as a direct result of the fact that the goods were not being produced for sale.

The Business of War

RATE OF SPENDING DAILY. In July 1940, the daily rate of Federal spending for armament and war purposes was \$7,200,000. By November 1941 it had reached \$66,600,000, and in March 1942, \$114,900,000.

ANNUALLY. Of our \$3,000,000,000 of war spending in March 1942, \$2,500,000,000 was for tangible sinews of war—an annual rate of \$30,000,000,000 and a three-fold growth in a year. In 1932 our entire national income was only \$40,000,000,000.

IN PROSPECT. Contracts and commitments made between June 1940 and February 1942 approximate \$82,000,000,000, and a third again as much remained appropriated or promised.

DEFICIT. This year's deficit will be \$18,700,000,000 and the debt next June, \$70,600,000,000. The following year the deficit will be \$35,500,000,000 and the debt will exceed \$110,400,000,000.

TOTAL OUTPUT. In 1941 the national product was \$115,000,000,000. To attain the President's goal, the 1942 product must reach \$132,000,000,000.

CIVILIAN CONSUMPTION. To achieve the President's goal, the Commerce Department estimates there must be a decline of \$9.8 billions in consumers' purchases, \$3.7 billions in private construction, \$3.5 billions in private equipment expenditures.



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The National Prospect

The Washington news in The National Prospect is reported for BANKING by HERBERT BRATTER.

Washington, D. C.

Donald Nelson on Profits

IN DEFENDING the 40-hour-week law and closed shop before the House Naval Affairs Committee, Mr. Nelson said he was thoroughly in accord with the attempt to keep war contractors from obtaining excessive profits and that it is his personal belief "that 6 per cent profit is plenty in the average case." However, the WPB director added, "I do not believe that you can tell whether or not a contractor's profit is unreasonable simply by determining its percentage in terms of the cost of performing the contract. That leaves entirely out of consideration such important matters as return on capital investment, turnover, the time required to fill the contract, and the financial structure of the contracting firm. From every angle, it seems to me that this kind of limitation makes use of a very faulty yardstick. Such a blanket limitation, Mr. Nelson holds, would force many contractors into insisting upon cost-plus-fixed-fee contracts, and would seriously increase the difficulty of converting small business to war production. The ordinary small shop will of course handle a relatively small contract; 6 per cent profit on a contract costing but \$40,000 would not provide the shop owner with much incentive to get into war production."

One more banker in Washington

AMONG BANKERS who have been called to government service is James H. Drumm, The National City Bank of New York's resident vice-president in South America. Fresh from the Rio conference, Mr. Drumm in February joined the staff of Latin American Coordinator Nelson Rockefeller in the

capacity of advisor and consultant at the salary of \$1 p.a.

Mr. Drumm entered the National City Bank's service in 1918, opening some of the branches of the former International Banking Corporation in the Dominican Republic. Subsequently he served in Panama, Argentina, Uruguay and Brazil. In his last position Mr. Drumm's headquarters were in Buenos Aires and Rio de Janeiro.

THIS MONTH

- Military Banks • Currency
- Silver • War Housing
- Profits on War Contracts
- Freezing Funds
- War Stamps • Bradley D. Nash
- WPB's Bureau of Finance
- Retail Trade • Local Bonds
- British Price Control

WPB's Bureau of Finance

ORGANIZATION OF A Bureau of Finance in the Division of Industry Operations "to assist contractors and subcontractors in solving financial problems which may arise in connection with the handling of war orders" has been announced.

The bureau took over the functions and personnel of the financial section of the Contract Distribution Branch of the Production Division. Bradley Nash, head of the financial section since June 1941, is chief of the new unit.

Transfer of the financial section to the Division of Industry Operations "makes possible closer contact between the bureau's financial experts and the staffs of the industry branches in the division,

with special reference to financial problems involved in converting civilian industries to war work," the WPB stated. "The Bureau of Finance does not make any loans or dispense any funds to contractors, but furnishes advice and assistance about financial matters to companies engaged in war production or desirous of obtaining war contracts or subcontracts. It also endeavors to be helpful in working out the financial requirements when a group of manufacturers undertakes to form a pool of facilities for war work. The Bureau of Finance has about 35 representatives located in WPB field offices, to establish direct contact with companies which need financial advice and assistance."

The bureau "endeavors, wherever possible, to arrange financing of war work through commercial banks, and is frequently able to obtain commercial loans for war contractors or potential contractors by advising them on consolidation of outstanding obligations or by demonstrating that their war contracts constitute a sound basis for making a loan. When the required financial assistance cannot be arranged through a commercial bank, the Bureau of Finance assists the contractor to make the proper application to the Reconstruction Finance Corporation, a Federal Reserve bank or other government financing agency."

Silver

AT THE request of the WPB, the Treasury, with approval of the President, is making silver available to government-owned and privately-owned plants engaged in war production, particularly aluminum and magnesium plants. Title to the silver remains in the Treasury.

(CONTINUED ON PAGE 14)

Ships and More Ships, Ahoy!



THOMAS FROM ASSOCIATED NEWSPAPERS
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NATIONAL PROSPECT — Cont.

The Treasury announced: "There are at present over 1,360,000,000 ounces of free silver in the Treasury which can be used for this purpose. Its use will release more than 40,000 tons of copper for other war production requirements."

It should be noted that this use of silver in the Treasury's general fund, the "free silver" not held as security against silver certificates, makes no change in the currency system. The amount of silver certificates outstanding is not changed thereby, nor are Treasury purchases of silver affected, since the Silver Purchase Act of 1934 and the Act of July 6, 1939, remain on the statute books. What the situation calls for is a repeal of those acts and the release of the remaining Treasury silver for the highly important industrial uses recommended last year to OPM by the National Academy of Sciences. The Treasury, instead of entering the market as a competitor of industrial buyers of silver, should be converted to a seller and supplier of industry. There will never be a more useful opportunity to put our otherwise dormant silver to work.

Treasury asks "freezing" cooperation

BECAUSE THE prompt and complete enforcement of the "freezing" order is vital to the war effort, the Treasury Department has appealed to American bankers, brokers, and businessmen for cooperation in unearthing suspected violations of the order. The Treasury urges the general public, and particularly businessmen who come in daily contact with many persons, to report to the Federal Reserve banks any facts which indicate that accounts of individuals should be blocked or investigated by the Treasury Department's Division of Foreign Funds Control. In cases in which information at the disposal of bankers, businessmen, brokers and other financial institutions indicates the necessity of immediate blocking of an account of a person within the United States, freezing control officials ask that pertinent data be forwarded immediately to the Federal Reserve bank.

Senator George has a suggestion

DURING the Senate hearings on the \$125,000,000,000 debt limit, Senator Walter F. George, chairman of the Finance Committee, expressed to Secretary Morgenthau "the hope that the Treasury will not entirely disregard the suggestion which I made to the tax peo-

Bank branches at military posts

A BILL (S. 1603) sponsored by the Comptroller of the Currency to authorize national banks to "provide banking facilities at United States military reservations and Navy yards and stations . . . with the consent of the Secretary of War or the Secretary of Navy" was adopted by the Senate.

ple in the Department just on this point, and that is, that every taxpayer be allowed a deferred deduction against his net taxable income, of a limited per cent, of course, provided that it be placed in bonds, securities that bear no interest until after the war, and then to be repaid in annual instalments at a very low rate of interest, the whole thing to be taxed; that is, the principal then to be taxed as a capital gains at the top per cent. That would offer a fair inducement to every taxpayer to put a part of his earnings in bonds. I think it would be worthy of very serious consideration."

The Secretary assured the Senator he would "be glad to look into it and study it."

In the same session the following exchange occurred:

Senator Byrd: If the Federal Reserve System should issue currency to purchase bonds from the Treasury, would not that be a long step toward inflation?

Under-Secretary Bell: Yes, that would be inflationary, but all we would do, Senator Byrd, would be to do that in an emergency.

Assume that we had an issue in the open market and some crisis would come, and we could not sell that issue, the Federal Reserve might pick that up until the crisis had passed.

Senator Byrd: What I wanted is an opinion. If currency was issued in large quantities to purchase the bonds by the Federal Reserve System, that would be inflationary?

Mr. Bell: Yes, that would be inflationary.

Senator Taft: In fact, if you issue bonds to the Treasury in large amounts, they could only pay for them by issuing currency, so it would be almost a direct issue of paper money by the Federal Government?

Mr. Bell: Yes.

Warns of postwar housing problem

CITIES CROWDED with war workers face the challenge of producing "really low-cost homes," of rehabilitating existing sub-standard structures into decent living units, or of over-building in a manner which may cause serious difficulties after the war, according to Commissioner John H. Fahey of the Federal Home Loan Bank Administration.

The situation is summarized by Mr. Fahey as follows:

1. There always has been a lack of low-cost housing for low-income workers. All that is produced now by private industry should have a use after the war. That does not mean \$6,000 housing in most cities—it means \$3,000 and \$4,000 housing.

2. Rehabilitation is the cheapest method of producing additional housing and the use of existing structures, and utilities—streets, water, electricity, sewers, etc.—will protect rather than harm property values.

3. Too much new housing built on the rims of cities, speeding the abandonment of centralized locations, or built where a large amount of substantial but neglected housing exists, may cause a serious situation in many communities when war industries are closed down.

Stocking War Stamps

THE TREASURY has suggested apportionment of the different denominations of War Stamps in retailers stocks. Larger retailers should stock:

60 per cent in 25 cent stamps
30 per cent in 10 cent stamps
5 per cent in 50 cent stamps
4 per cent in \$1 stamps
1 per cent in \$5 stamps

Smaller retailers, and the retailers in the drug, variety, and grocery field, should stock:

75 per cent in 25 cent stamps
23 per cent in 10 cent stamps
2 per cent in 50 cent stamps

Inside WPB, as seen by a banker

BRADLEY D. NASH, now head of the WPB's new Bureau of Finance, testified before the Senate banking committee on the subject of credit for small contractors and subcontractors. Mr. Nash testified in part as follows:

The question is whether submarginal cases can readily be handled by a credit-minded body. My training has been in banking and I hope I have not relinquished my viewpoint learned in that business. However, the question now is in making advances for goods that have to be made, shall the previous credit rating of the party involved have any bearing on the making of the advance? It is necessary, by whatever means the financing takes place, that the goods be made promptly, without any haggling as to terms; or perhaps I might phrase it better by saying, not haggling over terms, but by means of standardized terms which state exactly in advance what the security shall be and what the interest rate shall be.

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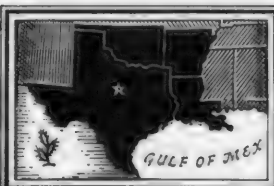
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Jean Wallace, daughter of Vice-president and Mrs. Henry A. Wallace, presents a poster she painted to Sydney D. Mahan and Robert W. Sparks of the Defense Savings Staff of the Treasury

Currency imports now controlled

THE TREASURY has acted to control the importation of foreign and domestic currency into the United States from any blocked country not within the generally licensed trade area or from any "proclaimed list" national. General Ruling No. 6A subjects all such currency to the controls extended to securities by General Rulings Nos. 5 and 6.

Under this general ruling, currency from the blocked areas or nationals, upon importation, is forwarded immediately to a Federal Reserve bank as fiscal agent of the United States. The Federal Reserve bank holds the currency until the Treasury has authorized its release.

Retail trade and income payments

FOR THOSE who are watching inflation, a Commerce Department analysis of retail sales and consumer income in February is of interest. Below are a few excerpts from the analysis:

Excluding automotive stores, retail sales in February 1942 were 21 per cent above the same month a year ago. The price increase over the 12 months, however, was far greater than the sales increase, physical volume at retail being lower in February than in the same month of 1941 by more than 10 per cent. This is the first month in more than three years in which the quantity of goods sold at retail has been substantially lower than a year earlier.

In spite of the record sales volume of the past year, consumers are not spending as much as usual of their incomes at retail. February was the sixth consecutive month in which sales of retail stores were below their normal relationship to income payments. During the first eight months of 1941, income payments averaged 28 per cent higher

than in the 1935-39 base period. In the same months, retail sales were 40 per cent above their 1935-39 level. This was not an abnormal situation since retail sales usually increase more rapidly than do income payments on the upswing of the business cycle.

In the six months from September 1941 through February 1942, however, income payments averaged 46 per cent higher than in 1935-39 while retail sales were only 39 per cent higher. This reversal of the usual trend is highly significant. It indicates that in addition to the large amount of savings that consumers would normally make out of recent high incomes, they are actually making larger extraordinary savings.

How good is business?

THE Federal Reserve Bank of New York, studying the profits of 167 companies which report on a quarterly basis, finds that their aggregate profits in 1941 were 31 per cent lower than in 1929, although industrial production in 1941 was 40 to 45 per cent higher than in 1929.

Certificates of indebtedness

FOR THE FIRST time since 1934 the Treasury in April issued certificates of indebtedness, which by law are limited to a maturity of one year.

The new certificates will be redeemed in cash at maturity and will carry no exchange privileges. Secretary Morgenthau explained that these short-term securities "will provide a greater fluidity to the money market, and will also satisfy the demands of those business funds which prefer a short-term marketable security with an interest

coupon to discount securities such as Treasury bills."

British price control lessons

ACCORDING TO two OPA research investigators who have studied Great Britain's price control efforts since the war's outbreak, British experience indicates unmistakably that the problem of controlling prices of non-food consumers' goods cannot be avoided nor handled lightly, in any "full war effort" in which price stabilization is an objective. "The control of prices of essential raw materials may perhaps be relied upon to keep this sector of the price structure stable so long as resources for consumer goods production are plentiful; but once large segments of resources must be diverted from consumption goods production, as is inevitable in 'total defense,' no such simple approach to price stabilization will suffice. Under these conditions effective control of the prices of non-food items in the cost of living requires very strong legislation, vigorous enforcement, and—quite probably—the aid of consumer rationing," OPA has found.

Interstate trade barriers

THE COMMERCE DEPARTMENT keeps on reminding us of those interstate trade barriers. Wayne Chatfield Taylor, in a recent speech, put it very concisely, when he said: "We have learned some big lessons, but we have rushed past an imposing number of self-created obstacles which have restricted and will impede the business of total war. Many of these obstacles are the legalistic

heritages of earlier days, when we foolishly thought that it was wise to restrict industrial production, to hinder men from using the tools which the genius of other men had created. The statute books of our nation, of our states, and of our local communities are filled with these restrictive concepts; their effect on our efforts to fully organize for total war is inestimable. Their combined weight constitutes an excess of baggage charge of appalling proportions. No army can drag these sacred cows to safety, no nation can win the battle of production unless these burdens are lifted."

Straws in the wind

AUSTRALIAN Prime Minister Curtin's plans for economic control include the limiting of profits to 4 per cent of capital, including reserves.

In Sweden, a committee appointed by the Finance Minister proposes limiting corporation dividends to 6 per cent of net assets, unless during the last three pre-war years average profits were greater.

In England, Sir William Beveridge deplors continued reliance upon individual capitalism, stating that "service rather than gain should be the main motive of all men's acts in the war. . . ."

In the U. S. A., the House of Representatives puts in a war appropriations bill a 6 per cent limit on contractors' profits.



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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MAY 1942

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Cutting Credit Corners

HERBERT BRATTER

Mr. BRATTER is a correspondent for BANKING in Washington.

EACH of the several steps initiated since early 1940 to cut financial corners has been built on the premise that assumption of war risks is, after all, first and foremost a government function. The Army and Navy recognize that no one is in a better position than the banker to appraise a businessman's or a corporation's ability and credit standing, and that the two are related. On the other hand, it is believed in Washington, very considerable financial risk must be incurred, even if the chances are that money will be lost.

With all the billions we have appropriated and already spent on this war, the possibility that a few additional billions of government money might be lost through loans to contractors and subcontractors should of itself be no deterrent to the extension of the credit, the Administration thinks. What should be considered, of course, is the technical ability of the contractor or subcontractor to do the job called for, without waste of valuable materials. The principle is simply this, loss

of money we can afford much more safely than the loss of material, or the production of imperfect equipment.

When the defense program was young, Congress sought to facilitate the financing of production by legislation permitting the amortization within a five-year period of new plant facilities constructed by contractors, and by allowing the assignment by contractors of their claims against the Government. The amortization amendments to the tax laws and the Assignment of Claims Act became law in October 1940.

The first encouraged investment in war plant and equipment. The second facilitated bank lending. Since 1940, when Donald Nelson was just Director of Small Business Activities in the NDAC, many other steps have been taken to apply government funds and government credit to the financing of war production. The initial arrangement between Mr. Nelson's office and the Federal Reserve System was described in Mr. Nelson's article in the December 1940 issue of BANKING. The latest, although not least important, of these steps was the promulgation by the Federal Reserve Board of Regulation V, pursuant to Executive Order 9112.



President Roosevelt signs the Executive Order authorizing the financing of war contracts through guaranteed loans. Standing, left to right, Senators Murray, Capper and Mead; Under-Secretary of War Patterson; Under-Secretary of the Navy Forrestal and Rear Admiral Land, U. S. Maritime Commission

While Regulation V marks the culmination of months of intensified agitation for faster war production and the utilization of small plants, it is far from being just a relief measure for "little" business. The Smaller War Plants Corporation project, on which Donald Nelson testified favorably in March and which the Senate later approved unanimously, is, on the other hand, intended mainly to give little business financial aid for war production. As its name indicates, that \$100,000,000 corporation will have as its main purpose loans for plant conversion, construction, and expansion, more or less paralleling the Defense Plant Corporation's larger activities.

PRIOR to Regulation V, the main sources from which the typical contractor could obtain working capital were: (1) From his commercial bank, from the Federal Reserve bank, or from the RFC; (2) from advances by the Army or Navy; and (3) from progress payments by the Army or Navy.

The RFC has power to lend to businesses, directly or in cooperation with a commercial bank, for plant expansion, machinery, equipment, working capital and other purposes. The chief obstacle to the use of this power has been the necessity of following a conservative policy with a careful eye on the balance sheet.

The Defense Plant Corporation is another source of funds. When the WPB recommends that the corporation finance a particular plant, the corporation does so. The plant concerned is owned by the DPC, but operated by the manufacturer.

The Federal Reserve banks have power to lend on their own account for working-capital purposes, with a maximum maturity of five years.

Depending on the contractor's credit standing, the contractor could borrow from the sources mentioned in (1) above: (a) upon open credit terms; (b) against collateral; or (c) against assignment of the contract. Advance payments by the Army and Navy to the prime contractor are limited to 30 per cent. Recently the Army and Navy were empowered to advance an additional 20

per cent on the understanding that the 20 per cent would be readvanced to subcontractors.

Mr. Koeneké's Letter

H. W. KOENEKE, president of the American Bankers Association, wrote to the banks concerning the Government's new policy, as follows:

The banks of the country are already doing a magnificent job in financing the production of war material. This activity must be maintained. Whenever possible banks should continue to make war loans on their own initiative and responsibility.

The program set in motion by Regulation V, however, contemplates the mobilization and conversion to war production of thousands of contractors, subcontractors, and others whose activities are considered necessary to the success of the war effort. It is designed to permit a maximum participation by small business and industry. Consequently, many of the credit applications of this group cannot be judged on the basis of peacetime practice or according to the rules of established banking procedure. It is for their particular benefit that Regulation V was promulgated, and you are urged seriously to consider financing the applicant on the basis of a partial or complete guarantee once he has been approved by one of the three procurement agencies. If for any reason you cannot make the loan directly or on any guaranteed basis the applicant should then be referred to the Federal Reserve bank for consideration.

Regulation V

REGULATION V implements the Executive Order permitting the War Department, Navy Department and Maritime Commission to enter into contracts with the Federal Reserve banks, the RFC, or any other financing institution, to assume the risk or a part of the risk of loss arising from loans made to any contractor, subcontractor or others. The three government agencies may, under the order, merely guarantee the lending institutions against any loss they may incur in making a loan, or they may make the entire loan directly. This is a program for large, as well as small, business. Its aim is the maximum and quickest production for war, regardless of credit risk.

It is of great importance to banks to note that Regula-

tion V puts them on trial. If it should develop that Regulation V is not doing the job, if a too conservative attitude seems, in the opinion of the service authorities, to be delaying production, still more direct means will be found to finance contractors and subcontractors with government credit.

According to the Federal Reserve Board, the program "looks to the fullest possible participation by the banks of the United States, whether members or nonmembers of the Federal Reserve System, in the financing contemplated under the authority of the President's Executive Order."

The three procurement agencies are authorized to guarantee commercial banks, Federal Reserve banks, the Reconstruction Finance Corporation, or other financial institutions, against loss on loans made to concerns to finance the performance of war orders. The board points out that: "Peacetime credit rules or standards, as the President stated at the time of signing the Executive Order, must not be permitted to hold up production of war supplies needed by the armed forces."

The Executive Order envisaged the Federal Reserve banks acting as agents of the Army, Navy and Maritime Commission, and as fiscal agents of the Treasury. The first Army extension of credit under this order occurred on April 10, in the case of a \$2,000 loan for the construction of an incinerator chimney under an engineering contract.

The Army's Set-up

THE Executive Order provides that "any amounts now or hereafter available under any appropriation act to the War Department, the Navy Department or the Maritime Commission for the purpose of procuring materials, equipment or supplies, or of expediting production thereof, may be expended through the agency of the respective Federal Reserve banks in accordance

The problem of mobilizing credit for war production is an old one. In this **BANKING** article Mr. Nelson described the liaison then established among the War and Navy procurement officers, contractors and local bankers to the end that contracts could be executed simultaneously with arrangements for adequate financing

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

DECEMBER 1940

Mobilizing Money

DONALD M. NELSON

Mr. NELSON is Director of Small Business Activities, National Defense Advisory Commission, and coordinator of national defense purchasing. Formerly he was vice-president of Sears, Roebuck and Co.

THE banks throughout the country have made it clear that they welcome the opportunity of fully participating in the financing of the national defense program, and it is the desire of the Advisory Commission to the Council of National Defense, with the effective cooperation of the Board of Governors of the Federal Reserve System and the Federal Reserve banks, to proceed with this opportunity.

In order that banks might be afforded a satisfactory basis for financing the construction of emergency plant facilities which manufacturers supplying defense material to the Government will need, two things in particular were desirable: (1) A special type of contract between

the contractor and the Government, by which the contractor, by paying the Government for them, the contract permits the assignment to banks of claims against the Government for money due under it and also permits a mortgage to be placed upon the plant facilities if the consent of the Government is obtained.

In order to ascertain in a general way to what extent banks would be willing to finance emergency plant construction on the basis of the assignment of contracts of this kind, a test survey was conducted by the Federal Reserve System in the latter part of September. The results were gratifying. This survey, which was conducted by the Federal Reserve banks during a 48-hour period, showed that commercial banking institutions throughout the country were prepared to lend for emergency plant construction as much as \$1,000,000, an amount much greater than there is now reason to believe may be needed. The survey demonstrated the willingness and

with the provisions of the Executive Order." The War Department has all the funds it needs for this purpose in existing appropriations. The Navy has requested special funds in a supplemental bill.

Since the Army enters into more varied and numerous contracts than the Navy or Maritime Commission, whose buying is rather centralized in Washington, its set-up for the purpose of contract financing is of primary interest. The Army's end is carried out by a new Advance Payment and Loan Section in the Budget and Financial Administrative Division, Service of Supply. The section is headed by Brig. Gen. A. H. Carter, who came into the service from the accounting firm of Haskins and Sells; Col. John G. Mechem, formerly a Chicago banker, and Maj. Paul Cleveland, former legal council for the New York Stock Exchange.

The Advance Payment and Loan Section is to be represented in each Federal Reserve bank by at least one liaison officer with the rank of major or captain. It is the War Department's policy that "these officers should have had considerable production and business experience and their primary duty would be carried out in coordination with the district officers of the supply arms and services." Air Corps officers will be attached to the Cincinnati office of the Cleveland Reserve bank.

Under the set-up described above, commitments for amounts not exceeding \$100,000 may be made in the field without prior reference to Washington. It is expected that the \$100,000 figure will be substantially increased, but for the present all commitments in excess of \$100,000 must be referred for approval to Washington.

Pending appointment of liaison officers in the field, loans are being guaranteed through the local Federal Reserve banks upon wire communication with Washington.

The Navy Set-up

THE Navy has also started to place an interest charge of 2½ per cent against all advances that they make directly to contractors.

The Navy has set up a finance section in the Office of Procurement and Material under the direction of Under-Secretary of Navy Sidney A. Mitchell. Mr. Mitchell was formerly president and director of Bonbright & Company.

Neither the Navy nor the Maritime Commission plans to have any representatives in any of the Federal Reserve banks in connection with this program. All Navy funds, from whatever source, are available for the purposes of these advances, loans or guarantees. However, in order to make this clear and certain from a legal standpoint the Navy has asked that a specific provision be inserted in the present appropriations bill indicating that all funds to be appropriated in 1942-43 will be available for these purposes. At this writing the appropriations bill is in conference.

Federal Reserve Board's Set-up

ON its part, the Federal Reserve Board has set up a War Loan Committee, consisting of Chairman Eccles (CONTINUED ON PAGE 68)

The Tougher They Come

ROY A. FOULKE

Mr. FOULKE, manager of the Analytical Reports Department of Dun & Bradstreet, wrote "Our Powerful Credit Weapon" for the February issue of BANKING.

DURING the precious moments of our five-months-old war economy, small business has overcome many of the inherent difficulties in obtaining war business which existed in the earlier days of our more elementary defense economy. Big corporations were well known, their capacities were immediately needed, utilized and expanded; they became the natural and primary sources of airplanes, ships, tanks, armament, ammunition, clothing, shoes, tents, and food. Army and Navy authorities in many cases sought out these large corporations in the initial days of our armament effort and insisted that prime contracts be accepted. Small business was not equipped or manned to secure or to carry out prime contracts. Their job was to become subcontractors, if a connection could be made, and to feed the thousand and one parts needed in the manifold assembly lines of big business.

In the early stages of changing from a peace to a war economy, the typical small potential subcontractor often had to locate the proper official of the prime contracting corporation to obtain business. Even when located, that official, at times, had to be educated and to be sold that a particular small plant could produce some one part, article, item, or piece of equipment of basic importance in some assembly line. Possibly the item in question had never before been turned out at this particular plant.

DURING the latter part of 1941 when the delivery of raw materials on the priorities critical list began to slow up the operations of an increasing number of small manufacturers, a cooperative movement, which has now reached recognizable proportions, arose in several parts of the country among these very enterprises to help themselves. This movement in many cases became a fight for sheer existence. A group of concerns working together under this new cooperative technique has come to be known as an "industrial pool," or what the Production Division of the WPB has more recently termed a "facilities group."



Experience Record

"**T**HERE is one thing which in my judgment is the best and most direct answer to the problem of the small manufacturer in the war program," writes E. B. Doherty, vice-president of the Plattsburg (New York) National Bank and Trust Company.

"The pooling of the facilities of the various firms within a reasonable distance has very definite results, as we here in Plattsburg now know. We have completed our first pool, are about three-fourths of the way through a pool of a different character, and are just starting on our third. The second pool already has A-1-A contracts. The first pool is in negotiation on some very substantial contracts with a similar rating. In both instances only prime contracts are being seriously considered."

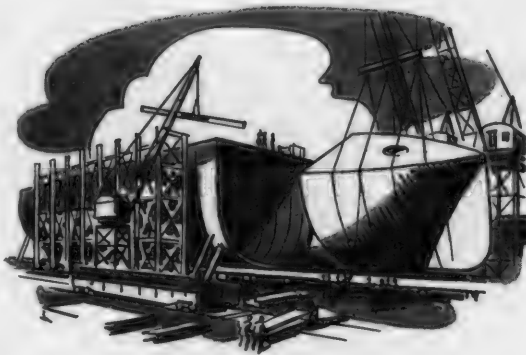
The original idea, which has since been greatly modified, goes back to June 1940 when the York plan was conceived by the enterprising manufacturers of York, Pennsylvania, headed by W. S. Shipley, chairman of the board of York Ice Machinery Corporation. In its basic concept, the York plan was simple: If one manufacturer lacked enough lathes and presses and drills to swing a prime contract, two or three or ten other manufacturers in the same community could supply the needed tools and share the business. The idea clicked.

In the Spring of 1941 Lieutenant Colonel H. M. Reed-all, executive officer of the Cleveland Ordnance District, needed 500,000 fuses in a hurry. No single shop in the district possessed enough 2½-inch automatic screw machines to handle the job within the time limit. In this predicament the Ordnance Department took a set of fuse blueprints and broke them down into detailed drawings for each individual part. A bundle of these drawings was then submitted to each nearby manufacturer that appeared to be a prospective supplier. Each concern was asked to submit firm bids on any or all of the component parts. Nineteen successful bidders were called into a final meeting and each was then given the opportunity to bid on the entire prime contract on the basis of the underlying firm bids of the 19 successful parts bidders. In this way the prime contractor immediately had a complete line-up of subcontractors. A successful "industrial pool" was born. In September 1941 the Contract Distribution Division of the OPM was established by Executive Order to encourage industrial pooling. This division has since become the Contract Distribution Branch of the WPB.

The Toledo Defense Production Association was organized in October 1941. This "pool" functions as a

clearinghouse for prime contracts for the Army and the Navy, and for large national corporations seeking subcontractors. A list of 506 manufacturers in the Toledo area is on file with complete data regarding equipment, personnel, and the specific type of work each concern is best fitted to produce. The Army, the Navy, and large manufacturers send specifications including blueprints to this association. The local manufacturers that are equipped for specific jobs are called in to study the orders and the accompanying data for submitting bids. Over \$20,000,000 of direct and indirect contracts have been awarded through the medium of this one pool.

A representative eastern linoleum manufacturer whose basic ingredients one after another—cork, burlap, oils, pigments—became more and more difficult to obtain for non-war manufacturing, decided as a matter of survival, to negotiate for a contract to produce shells. An accurate detailed inventory was immediately made of its own machines and equipment. It was found that the one thing needed before a war contract could be obtained and properly filled was more production machinery. The management set out to find other near-by plants which would join in forming a "pool" and whose machinery would provide the missing link. A preliminary list of 150 companies within a workable radius was obtained. This list was finally boiled down to 35 companies with 2,300 employees that had machine tools in fair condition and appeared capable of producing semi-precision work.



In this case, the linoleum company headed the pool, was the responsible bidder, controlled the operation, bought the raw materials, necessary jigs and fixtures for distribution to the members of the pool, planned the production and did the necessary finishing and assembly work. Thirty-six concerns, all small business enterprises except the linoleum manufacturer, remained in existence, as well as made a splendid contribution to the war program.

In Denver eight concerns associated together to create the Denver Mare Island Pool. These concerns fabricate ship parts. The completed parts are turned over to the Mare Island Coordinating officers and they make shipment to the actual shipyards. This activity consists of prime contracts in the name of each of the eight manufacturers and not subcontracts. The plan will increase and speed up ship construction.

Other pools operating from New Jersey to California have obtained millions of dollars of contracts to produce such varieties of needs as percussion cap primers, Army cots, incendiary bombs, ship engines, tank trailers, gun carriages, flares, ammunition, kitchen tables, blower furnaces, and gun sights. Every such contract keeps the curve of production going up.

No two pools seem to have started in just the same way. One was organized by an officer in the Army who was going to see that a job was done, another under the direction of a local representative of the Contract Distribution Branch of the War Production Board which has taken "pooling" under its wing, a third by a local Chamber of Commerce, a fourth by an association of local manufacturers, a fifth by a representative concern such as the linoleum manufacturer. The original idea was to help the little fellow, and through helping him, obtain increased production and obtain it faster. Today the viewpoint is reversed. The main idea is to get production wherever it can be obtained, and in that process many small concerns are helped.

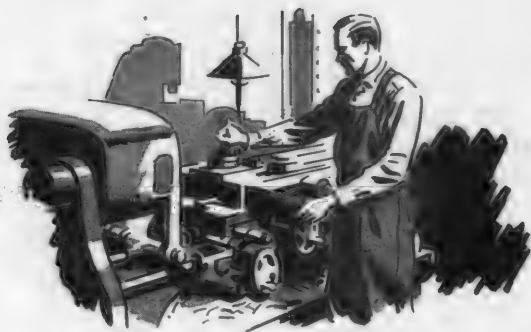
In some cases the interested concerns merely become associated jointly in a venture by pooling their equipment to build an airport. In another case the pool is incorporated, in still another a loose association is formed, or information may merely be exchanged in anticipation of being able to use the joint facilities listed as available. In the more formal types of pools, a selected head or some other designated person is charged with

THE Peoples Savings Bank of Cedar Rapids, Iowa, in cooperation with the Iowa-Des Moines National Bank of Des Moines and the First National Bank of Chicago, arranged some war production financing for the Century Engineering Corporation of Cedar Rapids, manufacturer of oil heating equipment. The company was so pleased with the services rendered that its president, E. J. Lattner, sent this letter to the Peoples:

"Our records indicate that on January 7, 1942, we were notified by letter of our first War Department contract award. Five days later, on January 12, 1942, you advised us that our credit arrangements were complete and we were in a position to place purchase orders for machinery, tools and materials involving approximately \$200,000.

"Our records further indicate that on February 6, 1942, we were advised by letter of our second War Department contract award involving approximately three-quarters of a million dollars. This necessitated our obtaining an additional line of credit which you arranged for us through two other banking institutions. In spite of the time required for additional negotiations, this credit was set up and available for us on February 15.

"Because of this service, which is unparalleled in our experience, we cannot refrain from commending your aggressiveness and willingness to do your part in the defense effort. . . ."



going after war work, negotiating prime or subcontracts, and then distributing the work obtained.

Typical of the incorporated pools, in contrast to the loose association, is the Defense Manufacturing Pool, Inc., composed of small machine shops and manufacturers in Marin, Sonoma, and Napa counties, California. Four arrangements of this pool are unique:

1. Each manufacturer holds one share of stock and has one vote, regardless of the size of his business.
2. When the group is getting together to bid on an item, the pool buys the blueprints and gets the specifications together; then each member bids competitively on that part of the contract which he can perform.
3. Every participating member must post a satisfactory performance bond with the pool—not with the Government, but with the pool—covering his portion of the work.
4. The pool adds a small group profit to the individual bids in arriving at a total bid to be submitted to the Government. This pool profit is divided equally among all members, regardless of whether they participated in a particular item.

Now that a steadily increasing number of small manufacturers in all parts of the country are being drawn into war work through the successful operations of pools, the banker has an expanding rôle in financing the small fellow. That's his job to solve. Many small concerns that six months ago were about ready to close their doors because they were having difficulty in obtaining raw material for non-war operations are fairly sound risks today. They have worked out their own problems through initiative and ingenuity and are handling substantial war orders as subcontractors. Industrial pools have shown how it can be done.

When the management of a small concern obtains a subcontract either on his own or as a member of a pool, he immediately places his orders for the raw material needed to fulfill the job. The value of that raw material often is substantial, and generally he lacks the immediate current financial responsibility to meet the invoices when they fall due in 30 or 60 days. He has problems for the moment of inadequate net working capital and mushrooming production, of meeting larger payrolls, of paying his raw material invoices, of carrying swollen inventories and heavy receivables.

Customary credit standards are being modified somewhat by resourceful bankers under the pressure of the existing emergency.

PAYMENTS from the Federal Government assigned under the *Assignment of Claims Act of 1940* are conditioned upon the satisfactory fulfillment of contract requirements by the manufacturer. In other words, the banker in extending a loan to a prime contractor working on war orders, must have every reasonable assurance that the management has the skill, the organization, the labor, and the proper equipment to meet the terms and the specifications of the contract.

The current streamlining of the financing techniques in use by agencies of the Federal Government, as outlined in Mr. Bratter's "Cutting Credit Corners," will eliminate much of the red tape which has long been a handicap and a source of irritation to manufacturers of war materials and supplied in vital need of credit. The financing of production by agencies of the Federal Government is a supplement and not a substitute for the established facilities of commercial banking institutions in every part of the United States.

The customary methods of financing current business operations by commercial banks and trust companies is the most flexible of all existing arrangements; the amounts to be borrowed and the length of borrowing varying readily with the needs.

To obtain an increasing proportion of the rapidly expanding current business, the banker must realize that the financing problems involved in aiding small concerns that are engaged on war production are tough. But the tougher they come, the more important it is that he solves them.

A SMALL manufacturer tells BANKING that in order to "gang up" on the production problem now facing the country, "the banker must get off his chair" and "deliberately dive into a field in which he is not at home."

"The problems here are terrific," he says. "But they can be licked, the minute somebody gets aroused. You'd be amazed at the number of shops that want to do something, but they remain inactive simply because no one encourages them to act."

"But there is always, isn't there, the old bogey risk, in the case of war production loans? One thing can be done: have the risk insured by some agency certifying the need for the loan. By whom? Why not the prime contractor, working back through his source of business?"

"Every time a prime contractor lets a subcontract he has checked the proposed method of operation; he has inspected shops, tools and personnel; he has checked engineering; and he knows the stuff will be delivered. He has done everything except drop in at a bank and say 'Make the loan.' The prime contractor is the only person in the entire picture who can evaluate the chance of a subcontractor crashing through. The bank can't. The WPB can't. The Army can't. But the 'prime' can."

"Who protects the prime? No one. He relies on his own brains, experience and ingenuity. When a man will do that he doesn't need protection!"

BE BRIEF · BE BRIGHT · BEGONE

ROY DICKINSON

LT. COL. DICKINSON, on leave as publisher of "Printer's Ink," is attached to headquarters of the Selective Service system. He contributed "Pennywise Advertising" to January BANKING.

THERE was an old building a block or so below the Templars Court in the London we knew in happier days. The board of one of the old guilds used to meet there. They had matters of great importance to decide. Carved into the gray stone above the entrance was the none too polite admonition: Be Brief, Be Bright, Begone.

Such a request seems particularly appropriate in a year when we have discovered the fact that Hitler's secret weapon is time. Once lost, it can never be made up and we used 20 months of it as though it were a waste product. To advertisers of 1942, to the letter writers, the copywriters and the salesmen, that direct request that people cut down the time they take to tell their story, tell it in a reasonably interesting manner and then get out, seems a fair one.

Every advertiser is a temporary visitor in the home, an uninvited guest who may be a welcome friend or a nuisance and a bore. It all depends on what he says and how. The visit may be a voice over the radio, a typed message in a newspaper or other publication, or a motion picture shown before dealers in a Main Street showroom. "Be brief, be bright, begone" is a good line for the producers of all of them to remember—as a matter of fact, it is offered as a million dollar idea to many manufacturers now using the radio. Those long, repetitive advertising commercials which sounded so incongruous in the days just after Pearl Harbor, still sound that way to many people.

IN an article in the January BANKING, I pointed out that this is no time to save a few pennies by curtailing well-thought-out advertising expenditures. I hope it was a reader of BANKING who put in his words of advice when the directors were deciding whether or not to invest advertising money in Koroseal. Here is a product entirely used by the war and hence the Goodrich directors have concluded that they should describe the experiments now being carried on in the laboratories which after the war will give to the American public a whole list of new articles made from this amazing new product. There will be runproof stockings into which a knife can be stuck without causing a run, there will be tablecloths, all sorts of textiles and new ideas adding to the comfort, health and joy of the American public.

This type of advertising now shows a far-sighted policy. It is brief, it is bright and it leads to a dynamic economy instead of a static economy. The same philosophy induced du Pont to advertise its plastic rowboat made entirely of crystal-clear lucite. Ten similar products are now being advertised which cannot be bought.

It surely is sound business policy to tell the general public now about the results of such work on their behalf. A backlog of demand is thus built up for a new and unused item which without such advertising would represent nothing but theoretical research instead of a name packed with goodwill value, its value built in advance, ready to go to work to build sales on the day war ends.

In this article I suggest on all types of advertising used by any institution, that great quality of brevity which has been praised by authors over the years.

"It is my great ambition," said one of them, "to say in 10 sentences what everyone else says in a whole book—what everyone else does *not* say in a whole book."

For many words dull the edge of attention during days when staccato reports are changing the history of the world, and the news of a great eastern empire's fall may be told in a four-word headline splashed across your evening newspaper. Today brevity is not only the soul of wit, but the very essence of all present day advertising value. Many words on paper or long speeches over the air do not build goodwill in days like these, but threaten to impair and destroy it.

SENSIBLE, brief advertising copy and letter writing do not have to be abrupt. They can be brief but also friendly like the advertising copy which H. D. Skinner uses to sell saws and shingles out in Braymer, Missouri. When Hank Skinner is out to sell shingles, he doesn't go at great length into their size, weight, color, texture and price. He surrounds them with a friendly, human atmosphere in terms of what they will do for the man who buys them.

Like this:

Prof. Lawson had his house shingled last week. We sold the shingles and the vocational agriculture boys of our high school did the work. D. W. Elden said, "Let 'er thunder now if she wants to" when we finished rodding his house last week.

Seems to me that many pen pushers in the big agencies would do well to study copy like this and keep it in mind to begone soon after being brief, reasonably bright and a little friendly. And I'm not one to think that even a bank loses dignity when its advertising copy and letters have a friendly note—are you?

Big Bad Bill



1. The history of money has some strange twists and turns, and reveals that counterfeiting is an age-old art and deserves all the exposing possible



2. Of course, counterfeiting is much harder to detect now than it was long ago because of the changes in the medium of exchange



3. For example, in 900 B.C. oxen were used as money. You can see that it would be no small problem to try to pass some counterfeit oxen



4. However, when money took the form of coins, there were much greater possibilities in the counterfeiting field. Nero, it is said, was the first counterfeiter of minted money



5. Napoleon Bonaparte used a modern technique by counterfeiting the currency of Austria and Russia, using the counterfeits to buy supplies for his invasion of those countries



6. The Japs have forced their "invasion money" upon the peoples of China, Malaya and the Philippines—backed by a promise to pay . . . and a loaded gun



7. Now, to stamp out counterfeiting, the U. S. Secret Service is teaching Americans to detect counterfeit money



8. This is what happens when you don't "know your money"



9. Follow the course of Big Bad Bill, born in a cellar, on a counterfeiter's press



10. Big Bad Bill came of age quickly and Sam the Slouch took him to the corner fruit store, where he bought some cantaloupes and gave Bad Bill to a sweet old lady



11. Said sweet old lady accepted Bill without batting an eye and gave Sam change. Sam went away with his sack of cantaloupes, \$9.75 richer



12. The teller at the bank informed her that she had lost \$10 and to keep it from happening again she should study the instructive pamphlet issued by the Secret Service



13. The next time Sam the Slouch slouched into her store and proffered another Big Bad Bill he got the cantaloupes again, but in a more vulnerable spot



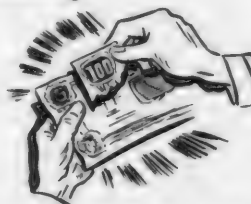
14. The old lady got her reward from the Secret Service and vowed never to take a bad bill again

A FEW SUGGESTIONS—

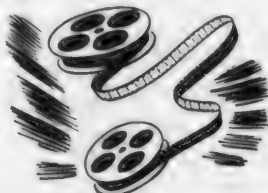
Ways banks can cooperate with the United States Secret Service in stamping out counterfeiting



Don't keep counterfeit coins until a number have accumulated. All such coins should be sent to the Secret Service as they are received



Corners torn from worn currency should be burned. Some detached corners, containing numerals, can be used by persons who desire to raise the denomination of a bill



A sound motion picture entitled "Know Your Money" is available to banker groups interested in learning what to do about the exchange of counterfeit money



Upon request by American Institute of Banking groups, the Secret Service will furnish copies of its 32-page booklet "Know Your Money" free for use as a text

Eyes Front!

PAUL F. CADMAN

Dr. CADMAN is economist of the American Bankers Association and director of its Research Council.

THE questions that are being asked about the fate of American banking in the post-war epoch are essentially the same as those which have to do with Western civilization as we know it. Survival seems to be the key word. Will democracy, the enterprise system, capitalism, Christianity, and human freedom survive the present crisis? The answer is not easy and it is neither yes nor no.

We do not know what will outlast this ordeal, and we are not always sure what ought to survive. The half dozen American thinkers who are able to speculate intelligently on these issues are so far ahead of most of us that we do not clearly understand their language, much less their analysis.

Frankly much of our appraisal of the post-war world is dictated by wishful thinking. We like to believe that human rights, individual liberty, private property, and democracy will be salvaged from the ruin which the war is daily wreaking on all mankind. We like to think that we will recapture the world we knew; that the good old days will return; and that all the forms and patterns of human behavior with which we are familiar will re-emerge. But our doubts surpass our hopes and we often give assent to the popular refrain about our future which runs about as follows: Nothing in the post-war world will remotely resemble that with which we are familiar.

FORECASTS about the near-term prospects are usually in one or the other of two extremes: Either civilization is going to be completely destroyed, or a wholly new social order will appear. Both of these points of view are sufficiently immoderate to be rejected.

Our civilization has already been badly battered and if the war runs into years, it will be more so; but it is too tough to be destroyed. Momentous changes in our economic, political, and social structures have already taken place, but a large number of our institutions, customs, traditions, and habits of behavior are certain to endure.

Perhaps the true nature of the changes which are taking place is too complicated or obscure for us to comprehend. Perhaps a cycle of five or six hundred years of thinking and doing, is now drawing to a close. Perhaps mankind is about to make one of those great thrusts which mark the peaks of progress. Perhaps it is fighting a rear-guard action to salvage some of the values which the modern world has brought forth.

Such thoughts are daily being phrased by the many who now seek to divine the outlook for American banking. Already there begins to be an insistent demand that something be done. Out of the welter of doubts and the chorus of demands for action, there is at least one prin-

ciple which stands out above the others: *If the American banking system passes into government ownership or under complete government control, the American enterprise system will be doomed. The day when the government takes over the function of granting or withholding credit to private enterprise, the latter will cease to exist.* By the very nature of government, the political control and distribution of credit would perforce bring all business directly under the domination of the agency which had the power to extend or deny credit without regard to the true character of the risk.

IN the presentation of this issue, banking is distinctly handicapped by a confusion of terms. "Chartered banking" is not a fully descriptive expression. Banks are chartered by states or by the Federal Government and the phrase, therefore, emphasizes their dependence upon the agency which grants the franchise. "Private banking" is also unsatisfactory, since it commonly denotes those houses which are not chartered but which practice limited banking functions, usually under their own capital and without supervision from state or national examining authorities. "Independent banking" suggests an untimely revival of the controversy over unit versus branch banking. The fundamental concern of all who hope to preserve the essentials of free enterprise, is the ability of the American banking system to preserve its identity and to avoid not only government ownership but that degree of control which will deprive it of its primary function as the appraiser of credit risks on the record, capacity, and prospects of the borrower. The autonomous, uncoerced, and self-directing character of the banking business is as important to the survival of the enterprise system as any factor in it. Perhaps we should adopt the term *autonomous banking* to indicate a banking system which is not subject to the whims and caprices of politics; one that recognizes the propriety of both regulation and examination but at the same time preserves its fundamentally private and independent character.

AS to what banking can "do" to preserve its freedom, there is thus far little more than speculation. One point of view holds that it is too late to do anything; that state socialism is already here, and here to stay; that government ownership is inevitable and therefore should not be resisted. Another approach to the problem is slightly less pessimistic but none the less fatalistic. It sounds about like this: Whatever is to be, will be, and banking cannot do anything about it. Another version is: Let banking attend to its own affairs and keep out of social politics. Or again: What happens to the social order is not the concern of banking.

Then there is the enlightened opinion, happily in the majority, which expresses the conviction that banking must concern itself with every phase of the present social

"The whole spirit of the two tragic decades which followed World War No. 1 was one of restriction, regulation, control, super-government," writes Dr. Cadman. "The spirit of the post-war world should be one of release."

Right, Armistice Day, 1918, in New York

upheaval; that it should take an active part in the hearings on all legislation affecting finance, and that it should cultivate the opportunities to advise and consult with all the duly constituted legislative and executive agencies of the state and national governments which operate directly or indirectly in the field of money and credit.

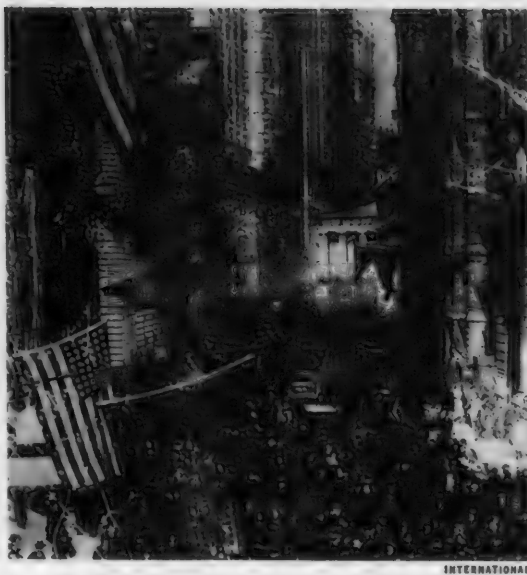
Planning is the biggest word in our current economic vocabulary, next to War. There is already a large bibliography on war and post-war planning for the United States and for the world. Many of the proposals are too fantastic to endure; they are little more than star-dust. Unfortunately much of the blueprint planning is being done by persons without experience either in business or government. Social theories color the plans and excite the planners. Utopia is reborn and nothing is impossible.

But there is also some high-grade planning being done by the leaders of industry. The post-war program of Charles E. Wilson, president of the General Electric Company, is illustrative. Should banking have any part in such planning and, if so, what and how and how much? Should banking make its own plan for post-war action and can the outlines of such a plan now be perceived?

THE recent statement of the Economic Policy Commission of the American Bankers Association on *The Banker in Wartime* is a clear indication of a hopeful trend. The studied formulation of the rôle which banking must now play in the actual conduct of the war quickens the prospect for some thorough-going research on the task which banking must face when peace is achieved. It is not possible to predict what such research will disclose, but certain important factors are already manifest.

The formulation of a plan for banking will call for a forthright and factual appraisal of the social changes now in process. Is this crisis just another war? Is it only another oscillation of the business cycle? Is a new social order emerging and if so what are its salient characteristics? Such questions cannot be answered by one man's opinion. There are scholarly, objective, and unprejudiced studies now available. We may not always agree with the findings, but such analysis calls for a variety of types of approach and many points of view. This whole field of inquiry may be designated as social politics. Its scope is immense but it is not beyond the comprehension and understanding of men who aspire to leadership.

Then there are the recent changes in financial methods and practice: Managed money, selective credit con-



INTERNATIONAL

trols, the unprecedented growth and use of "deposit money," and the use of bank credit to finance a large proportion of war costs.

How can banks strengthen their capital structures so as to meet the immense increase in created deposits?

To what extent can banks take part in post-war financing, both domestic and foreign? Are there unexplored or undeveloped opportunities for financing foreign trade—perhaps through the extension of the field warehousing principle into the import business?

Not least among the materials for banking's plan for the future, is the question of the relation between banking and government. When and how and to what extent can banks cooperate with government, and when should they oppose it? It is by no means certain that super-governments will survive. Already the plain citizen, always in the majority, is beginning to revolt against the excesses of government and the rise of bureaucracy. But it is clear that we now have, and probably shall have, more government than ever before. We can get along with it; we can serve it; we can be indispensable to it—if we plan the effort.

BUT perhaps the greatest challenge of all is the opportunity for banking to play a leading part in the reconstruction of democracy. In a peculiar sense this is the "people's war." The common man is not only fighting it, but he is going to pay for it. Unless all signs fail, he is going to have a great deal to say about the post-war world.

If this crisis is one in which a new epoch in history is being born, is it too much to say that the key to the new order will be creative opportunity for the common man. Such a statement is neither academic nor visionary. If we can fight a war by massing men and machines; if we can finance that war by mortgaging wealth not yet created; if we can pool the shipping, the food, and the matériel of many nations; in short, if we can organize for combat, why can we not organize for production in

(CONTINUED ON PAGE 70)

Directors Know the Answers

They Can Help Banks Keep Posted on War Production

PAUL D. GESNER

The author is a New York financial writer.

WARTIME brings revaluations. A tank suddenly becomes more valuable than a passenger automobile. A bomber becomes more vital than aluminum pots and pans. And the bank director with a rich background of long experience in industry suddenly finds his worth on the board doubled.

That's the view you get, talking with bank officers and directors today about boardroom proceedings. The industrialist who thinks in terms of the bank's problems as well as those of his own concern, and who can express himself clearly, quickly becomes the pipeline connecting the bank board with the intimate, policy-influencing realities of the war production world.

The chances are two-to-one that the average officer of a manufacturing plant, railroad, utility, fuel company, food store chain, communications concern or other industrial enterprise is rubbing shoulders with the war effort in some way, directly or indirectly, daily.

Priorities, allocations, conversion, war orders, and contract distribution are no longer new marbles in his business ring.

To the bank board he can bring directive information of priceless value in policy guidance. He can:

Give the board a picture of things to come in general business as indicated in trends within his own company, its raw materials suppliers, and its distributors.

Advise on the industrial rating of loan seekers—judge whether the loan applicant's business is of a type that will continue despite the war.

Advise on the ability of a loan-seeking civilian goods manufacturer to convert to war production if materials for its peace-time products suddenly become no longer available.

Advise on the borrower's chances of survival after the war.

Give business-tested guidance on feasibility of war production loans asked by small firms under the new Reconstruction Finance Corporation participation set-up.

Bring in new commercial customers for the bank—if he is a go-getter—through his industrial contacts.

"To be useful as a bank director, an industrialist must see the war effort from our view as well as his," the vice-president of one large bank reminds. "He has to see banking's statistical position as clearly as he does his own corporation balance sheet."

RUNNING a war costs money, he adds, and it looks as if banks through heavy investment of their funds in Federal securities must provide a big chunk of it.

"It is to us," the banker says, "that the Government is planning to turn for a particularly large chunk of its funds.

"It is estimated that commercial banks may be asked to purchase \$15,000,000,000 to \$20,000,000,000 or more of government issues before the end of next year if the Treasury's plan to keep both normal and wartime outgo under control stays on schedule."

In other words, before the end of the fiscal year in 1943 banks may be required to more than double their holdings of United States securities.

Banks generally are ready to do their part in the big war financing program. The only anxiety at the moment hinges on uncertainty as to what kind of securities the Treasury will offer the banks for investment.

Many alert bank directors see sales of the War Savings Bonds, despite unremunerative bookkeeping, as a Number One customer relations war job.

Bank directors who are industrialists have been particularly insistent that America's wage-earners be trained to buy War Bonds regularly out of income.

"In six months we have sold \$1,000,000 worth of war



OWEN PHOTO

As bank directors well know—many of them from personal experience in their own businesses—conversion is the order of the day in industry. The picture shows the plant of a small eastern manufacturing company whose entire resources have been converted from making floor waxers to war production.



THIS factory that normally makes fine silverware is now manufacturing and assembling surgical instruments. In the brick oven at the right, parts to be assembled are heated before being put together on the anvil.



OEM PHOTOS

THESE workers formerly made razor blades; now their company has a sub-contract for the production of war tools. Here they are checking the dimensions of a completed V-block.

securities to the public," says a director of one of two banks in a town of 15,000 people.

"Through the good work of one of our directors who is president of a local manufacturing concern, we have been able to put the critical war money situation directly on the desks of almost every employer in the trading area with a payroll of 10 or more persons.

"We probably have more payroll allotment plans for purchasing Savings Bonds in operation than in any other city of comparable size in the country."

SOMETIMES bank directors engaged in business lines far from factory door, yet highly essential to industry and trade, are valuable judges of changing trends.

In the Mid-West a director of a small commercial bank is a cattle and wool buyer. He knows every farmer within a radius of 50 miles. Back in the days when the automobile industry made automobiles, he could tell you exactly how many new cars would be sold each year to farmers in the region. He could tell you who was buying new farm machinery, fence, breeding stock, or more land. He could tell you what fertilizer sales would amount to a season before farmers began buying.

"With old Ed on our board, we don't need Dun & Bradstreet," the president of the bank said of him.

A year ago, Ed told the president:

"If we get into this war in a big way, it will take all the good wool we can raise in this country for uniforms."

Earmarking of the entire long fibre wool supply for the Army and Navy not long after Pearl Harbor bore out his prediction.

THE big job for the bank director with an industrial or business job today, officers agree, is to assist the bank in keeping itself adapted to changing wartime conditions.

If the war isn't won, there will be vastly more difficult problems than a total war economy now presents. Right

now the one job is to keep men, materials and weapons flowing. But it is not too early to take a glimpse at what high value the industrialist or man with special business ability will have on a board as post-war days near.

Vast new business-creating enterprises are in store. Already aircraft executives are talking about trans-Atlantic planes to replace best cabin-class ocean liners. Air transport of freight almost as cheaply as present rail express is seen a mathematical possibility. Scanning expanding aluminum capacity, steamship designers are talking about fast vessels with aluminum hulls.

Builders are anticipating \$15,000,000,000 to \$20,000,000,000 worth of new housing to develop when the war ends. Usually ultra conservative executives are talking freely about possible construction of brand-new residential communities a hundred miles from industrial cities as air commuter transport develops.

Broad commercial promotion of television is awaiting the moment when materials are available.

AFTER the war, directors say, the bank must begin thinking more in terms of service.

"There will be more to do after the war than clear checks and keep books," says one director. "Just as in the last war—when Liberty Bonds were sold—today we are building up a multitude of millions of new investors through sale of War Savings Bonds.

"It still is a little early, but maybe some of us should begin thinking occasionally about plans for expertly-arranged bank service departments to provide advice for customers on personal investment programs

"Some of the pessimists are wondering whether the loan business ever will be regained in volume," he added.

"Well, I tell them that if a demand develops for loans—sound loans—we'll do a loan business again."

But right now the big job is to win the war. The industrialist on your board will keep you posted.

After Three I Made My Calls

W. R. PARKER

Here's the story of a bank whose energetic and highly successful public relations program includes such things as fishing trips and save-tires service for customers and prospects. The institution is the Bank of Powhatan, Powhatan, Virginia, of which Mr. Parker is executive vice-president.

THE Bank of Powhatan, located in a village of 150 people, was organized in 1922 in a poor Virginia county of 6,500 population, more than 50 per cent of which was Negro. Prominent men in the county said at the time that the bank would never make enough money to pay the cashier's salary.

The writer, a former Marine, came to Powhatan from a neighboring county in the same year and found the bank with assets of approximately \$60,000. It was housed in a dilapidated frame building with a small safe in which we stored our valuables. Having no assistant, I got up early and did my bank work so that after 3 o'clock in the afternoon I could be free to call on my customers and prospects.

Nearly every home in the county was visited; frequently I stayed for supper with a family. Soon the farmers were calling me by name. Most of our prospects were banking in Richmond or near-by towns, and many, of course, had never banked at all.

Our public acquired so much confidence in us that during the bank holiday many left deposits with us for safekeeping. We took over obligations of near-by customers of closed banks whose notes were pledged, and this made us many friends. We started with only a few stockholders but gradually got all the most prominent people in the county to own at least a few shares. Our list includes several Negroes, who are our most faithful boosters. We now have approximately 200 shareowners.

The capital has increased from \$20,000 to \$50,000, our surplus has grown to \$75,000, and there are undivided profits of \$20,000. In 1924 we paid a semi-annual dividend of 4 per cent and since 1927 have never failed to pay as much as 5 per cent semi-annually—sometimes more.

A Parker-Powhatan fishing party



"BANKS have only service to give. The one that gives the most will receive the most. The insignificant man of today may be a good customer next year. We pay attention to all."

Our motto has always been "Bank With Us and You Can Bank on Us." We have lived up to it and our customers believe it.

Our advertising has been simple but effective. We stamp our mail "Bank by Mail and Save Tires"; our mail business has increased about one-half. For Federal housing loans we contacted county agents, demonstration agents, women's clubs, preachers, etc., telling them how easily farm homes could be improved with the use of these credits, and they spread the news. We made more than \$100,000 in Title I loans and a like amount of Title II.

When the writer wishes to contact a certain man, he finds out what the man's hobbies are—hunting, fishing, baseball, etc.—and joins him in enjoying it, without talking shop. For the past two or three years we have hired a bus (my father-in-law owns a bus line) and have taken some 35 men to salt water 110 miles away for a day's fishing. These men are merchants, farmers, garage men, county agents, and others, all carefully selected to assure congeniality. We have provided lunch and soft drinks. The men sing, tell stories, catch fish and thoroughly enjoy themselves; in fact, the second time we had an outing the customers signed up weeks ahead and each man insisted upon paying his share of the expense. We made it a rule that whenever the bus stopped everybody had to change seats so that all could know each other.

WE frequently get six or more men together and run into Richmond (30 miles away) for an evening of bowling, a few games of pool and a swim at the Y.M.C.A. When new families come into our county we always write them promptly and offer our services, following our letter with a call within two weeks. We also get credit information on them from their former homes as soon as possible in order to be able to serve them promptly if asked to. We find out what church or clubs they have attended and refer them to someone who will look after these contacts promptly.

For 10 years we have arranged for teachers and others in and around Powhatan to let us know when they wanted to go to Richmond; and as customers stopped on their way to town we have obtained rides for many

(CONTINUED ON PAGE 66)

VICTORY *is our* **BUSINESS**

**MAKE EVERY PAY-DAY
BOND-DAY**



McL. Wilkinsons



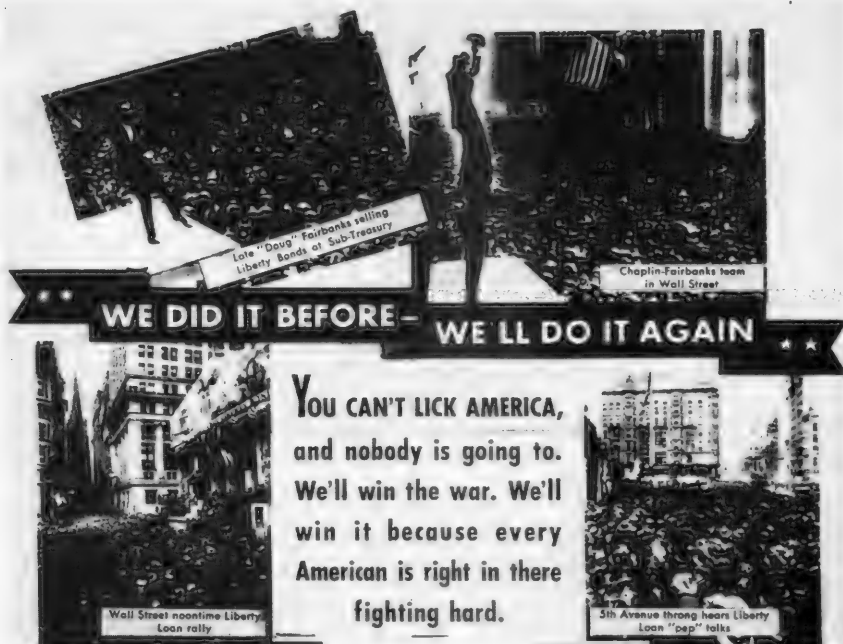
UNITED STATES
WAR BONDS AND STAMPS
BONDS-STAMPS

★ ★ ★ ★

War Bond Boosters
Lobby and Window
Exhibits
Bonds Out of Income
Ideas That Sell
Bank Advertising
Money in Wartime

★ ★ ★ ★

Ask about our payroll savings plan



1



2

Exhibits: Windows and Lobbies

1. Section of a War Savings Bond window display used in all New York City branches of The National City Bank.
2. Albany (N. Y.) Savings Bank boosts War Bonds.
3. Seattle Trust and Savings Bank exhibits items defense dollars will buy.
4. The National Bank and Trust Company of Norwich, New York, combines military prints with War Bond posters in effective exhibit.
5. Customers of The First National Bank of Leesburg, Florida, peering through knot hole in board fence at powerful War Bond cartoon by George White of the Tampa Tribune.
6. Service flag display of the Trust Company of Georgia, Atlanta.
7. First National Bank of Lincoln, Nebraska, exhibits military items manufactured locally.
8. Victory Center at the Colorado National Bank, Denver.



4



5



6



7



8

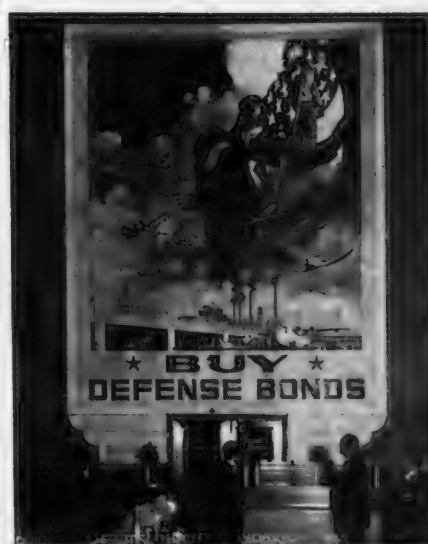


9

9. At the Peoples-Pittsburgh Trust Company, A. C. Robinson, Pittsburgh's 1917-18 Liberty Loan chairman, buys a War Bond from Miss Jane Wyatt.



10. Bridgeport (Conn.) City Trust Company's colorful lobby mural.



10

War Bond Pay Days

Last month **BANKING** outlined some plans for buying War Bonds out of current income through payroll savings. Here is further information on the same subject.

Group Agent Plan

THE GROUP agent plan is just what the name implies. This plan usually is used by a small group of employees. They name one of their number as agent, pay their allotments to him. He handles purchase of bonds or stamps for the group.

Managing a Plan

LET Farmers & Mechanics Savings Bank of Minneapolis, an old timer in the War Bond business, describe how it handles an industrial company's pay allotment bond-purchase business.

In a folder the bank sends to employees of a concern for which it is to do a bond job, it says:

"The Farmers & Mechanics Savings Bank of Minneapolis is cooperating with the Government—without profit or remuneration—and offers you a Defense Bond savings plan which makes it possible for you to purchase

Here is the group agent's pledge, record and control card, a form furnished by the Government

TO SYSTEMATICALLY PURCHASE UNITED STATES DEFENSE SAVINGS BONDS OR STAMPS

I hereby promise to invest \$_____ each pay period effective with the pay period ending _____ for the purchase of _____ through _____

1. My agent, the Defense Savings group agent _____ designated for my group. This pledge to remain in effect until (1) canceled by me in writing, or (2) the termination of my employment.

2. Other available facilities, such as post office, banks, or direct from the U. S. Treasury.

Department of employee _____

BONDS OR STAMPS PURCHASED TO BE PURCHASED EACH PERIOD		Defense Savings Stamps	
Number of bonds to be purchased each period	Purchase Price	Number of stamps to be purchased each period	Value
	\$18.75		\$0.10
	37.50		.25
	75.00		.50
	375.00		1.00
	750.00		5.00

See reverse side for registration instructions and group agent's record of purchases

bonds automatically by means of voluntary payroll deductions, in cooperation with your company.

"There are four main steps:

"(1) *Payroll deductions:* You request the company to deduct any amount you wish from your pay on each payday and to send the deduction regularly to the Farmers & Mechanics Savings Bank. . . .

"(2) A Defense Bond Savings account will be opened for you at the Farmers & Mechanics. Your payroll deductions will be automatically deposited in this account. Interest will be paid on your account just like any other account at the Farmers & Mechanics. . . .

"(3) *Purchase of a U. S. Defense Bond* (Series E) costing \$18.75 will be made for you automatically by the Farmers & Mechanics whenever your account reaches \$20. Under this plan you will always have at least \$1.25 on deposit at the bank, and of course you may draw it out whenever you wish, but if you close your account you will not be eligible to rejoin the plan during the following three months. . . .

"(4) *Free safekeeping of your bonds* is an additional service offered, without charge, by the Farmers & Mechanics to their depositors. This means that (if you so desire) the bank will automatically place your bonds in safekeeping and send you a receipt by mail. You may, of course, go to the bank and get your bonds whenever you wish."

Other Methods

IN ANOTHER arrangement, a bank, as maker of the company payroll, deducts pledged amounts directly from envelopes and checks, keeps complete bookkeeping and control records, and issues bonds to plan participants whenever individual accumulations reach the required amount.

Savings banks are offering numerous plans, including club setups, to encourage the systematic purchase of War Bonds.

Below, President Hanes of the Wachovia Bank and Trust Company, Winston-Salem, N. C., explains to his staff the bank's payroll savings plan. Right, Republic National Bank of Dallas announced its payroll savings plan in this booklet



REPUBLIC NATIONAL BANK
OF DALLAS
DALLAS, TEXAS



VOLUNTARY
PAYROLL ALLOTMENT PLAN
FOR PURCHASE OF
UNITED STATES SAVINGS BONDS

Ideas That Sell

Sales Manual

"HELPING YOUR BANK SELL UNITED STATES WAR BONDS" is the title of a 32-page War Bond merchandising manual prepared cooperatively by the American Bankers Association and the Defense Savings Staff of the Treasury Department to be distributed soon.

In addition to embracing a complete sales plan of action, the manual includes promotional material for use in reaching customers and the public. It carries with it a smaller manual covering War Bond sales ideas for bank staff members, additional copies of which may be ordered by banks, without charge.

The War Bond manual is attractively illustrated with drawings and photographs of ideas that have been used successfully by banks and new ideas suggested for future use.

Movie Shorts

THE BANKS of Colorado Springs, Colorado, are using a series of one-minute moving pictures in four local theatres, sandwiched in the regular program, to influence the sale of War Bonds. Of course they are using other media, too.

The banks find the inspirational movie particularly effective with features such as "Sergeant York" and "To the Shores of Tripoli."

This will give an idea of the technique used to arouse the generosity impulse: The banks' first film shows a drawing of Hitler's face, which grows to encompass the sketches of other Nazis. A voice says, "Adolf Hitler has said, 'Two worlds are in conflict and one must break asunder.'"

The picture changes to a view of the U. S. Capitol building as the voice continues, "Americans, I ask you: Which world shall break? Ours? Or Hitler's?"

Next is shown a hand writing a check; then a shot of an elderly gentleman looking at a War Bond. The commentator continues: "Reply to Hitler now, by pouring out your dollars in a never-ending stream to fill the nation's war chest. Buy United States War Savings Bonds now."

There are 13 shorts in the series, playlets that combine wartime action and family scenes with a commentator suggesting that the defense of the country is up to us and our generosity in buying War Bonds.

The films being used by these banks were made by the Alexander Film Company, of Colorado Springs.

Civilian Service

THE FIRST WISCONSIN NATIONAL BANK of Milwaukee is conducting a dramatic "civilian service campaign" of 16 advertisements, designed to answer the question: "Just what can I do to help win the war?" The series was launched last month with a full page two-color advertisement headlined, "We're All in this Together . . . All the Way!" Copy listed 19 ways to help—a civilian service guide covering virtually every phase of home front participation. Follow-up ads feature photographs

They're War Bonds Now

ON APRIL 6, twenty-fifth anniversary of our entry into World War I, the Treasury announced that henceforth War Savings Bonds and Stamps would be the name for the securities Uncle Sam is selling to finance victory. The cover of BANKING'S "Victory Is Our Business" section this month is an adaptation of an earlier Defense Savings Staff poster, emphasizing purchase of the securities out of income.

UNITED STATES TREASURY DEPARTMENT



Mr. H. S. Bonker

IS APPOINTED TO SERVE AS A MINUTE MAN
IN BEHALF OF THE DEFENSE SAVINGS PROGRAM



Henry Morgenthau Jr.

MORE than 4,300 Minute Men have appeared on local and network broadcasts to make one-minute appeals on behalf of War Bonds and Stamps. Above is a specimen of the citation certificate issued to these men by the Defense Savings Staff in recognition of their services. Many speakers are bankers

St. Paul's First National Bank features bond promotion on its billboard. Note signature copy—"We Sell Without Profit or Pay." This effective shot, with bank building in the background, was plated as a newspaper advertisement





M-20B

(For Minute Man)

(BANDER)

Every United States Defense Bond is backed by the full faith and credit of the government of the United States . . . and our government is backed by the faithful support of all loyal and patriotic citizens. Among them, you want to be counted. You want to be known and recognized as one who, in your country's hour of need, did your part. By uniting our country's resources, we not only add to our national financial power but actually multiply it, so that no enemy can stand up against us. Join your patriotic neighbors, and contribute your dollars to the city-wide appeal of . . . for cooperation in the Defense Bond drive.

This Dime Savings Bank of Brooklyn, New York, advertisement brings home to customers the advantages of *thrift* as an aid to war production and as a depression preventative after the war is won.

Don't spend money needlessly now. Save it to spend later—when the war is won.

Don't compete with the Government. Our armed forces need the materials and man-power for war production.

Money placed in your savings bank will be loaned to Uncle Sam to finance victory.

When the war is over you'll have that money, plus interest, with which to buy the things you can't and shouldn't buy now.

Buying, after the war is won, will help prevent depression.

ACCOUNTS OPENED WITH 85 TO 87500

Write or phone TRIangle 5-3200 for our free booklet
on Savings Bank Life Insurance.

FULTON STREET AND DE KALB AVENUE

RENSONHURST: 84th STREET AND 19th AVENUE

FLATBUSH: AVENUE J AND CONEY ISLAND AVENUE

BROOKLYN, NEW YORK

maturely adopting sales plans that might run counter to better methods approved by the Treasury Department, the Virginia Bankers Association and the A.B.A.

"What Can You Make?"

FIVE LITTLE ROCK clearinghouse banks joined in an effective two-thirds page advertisement in *The Arkansas Gazette*, entitled "What Can You Make?," in which they urged local industries to convert their plants to the manufacture of war implements.

Names of local officials to be contacted, with the type of information each could supply, were given for the chief government agencies concerned with war production and its financing. These included: War Production Board, Reconstruction Finance Corporation, Arkansas Defense Council, and Federal Reserve Bank branch.

The advertisement also listed the name of the officer at each of the five banks who would discuss war production and financing questions with customers and emphasized the banks' willingness and desire to be of service.

This is another bit of evidence of the leadership of bankers in speeding the conversion of industry to war.

War Issue

THE DETROIT TRUST COMPANY's quarterly magazine makes a helpful contribution to the OCD. An editorial page, titled "Your Family and Civilian Defense," shows by case example how every member of the family group may find their place in volunteer services. A complete set of OCD insignia and rating badges are illustrated in the borders. A center panel lists the service classifications under the three major programs, with a paragraph on Red Cross activities. This page has been reprinted and is distributed widely by the local OCD office. It is now part of the air raid warden manual, and will soon be distributed to neighborhood groups.

Editorial

THE CITIZENS AND SOUTHERN NATIONAL BANK of Atlanta opened a wartime advertising campaign last July and has been geared to public reaction ever since. While the material must be classified as advertising, actually it is a series of timely editorials in paid newspaper space. It opened with an endeavor to picture for the public the economic significance of the cost of the defense program. Gradually, as the campaign evolved, it discussed various phases of defense, and today the whole broad subject of war. Public interest has been tremendous. A president of one local industry asked for 8,500 reprints for employee payroll envelopes. Others have been reprinted in employee magazines, house organs, and posted on bulletin boards of industrial firms. In several instances they have editorialized on the bank's timely, public-interest copy.

The drawings by Horace T. Elmo on the following page are suggested for bulletin board use, or for window display, if enlarged.

Price \$137,000.00 each



Official Photograph, U. S. Army Air Corps

3 of these pursuit planes could be bought and paid for . . . with U. S. Bonds and Stamps purchased by Worcester people through this bank.

PUT MORE PURSUIT PLANES IN ACTION!

Buy more U.S. Bonds and Stamps - Pay Cash or through the 25 Week Club Plan

INVEST IN VICTORY

at the



WORCESTER COUNTY Institution for Savings
CORNER MAIN AND FOSTER STREETS, WORCESTER, MASS.

Worcester County (Mass.) Institution for Savings ad tells how much its customers must invest in War Bonds and Stamps to buy three bombers

State-Planters Bank and Trust Company, Richmond, Virginia, offers the Axis a token in the only language they understand



Help speed delivery
BUY DEFENSE STAMPS AND BONDS

State-Planters
BANK AND TRUST COMPANY
RICHMOND, VIRGINIA

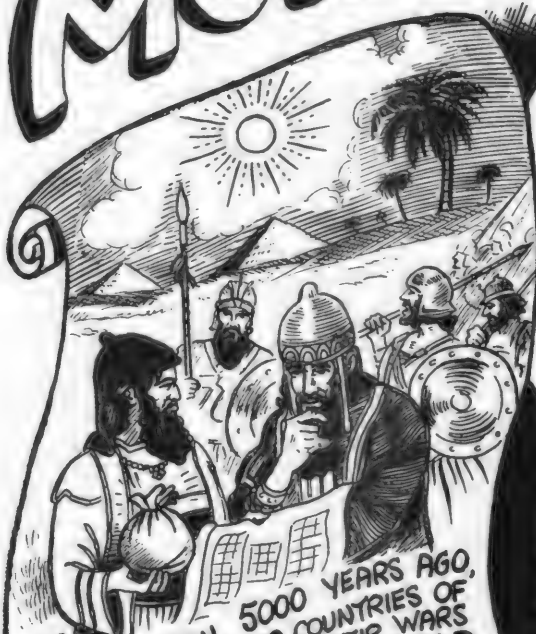
NINTH AND MAIN

4TH AND BROAD
15TH AND BROAD



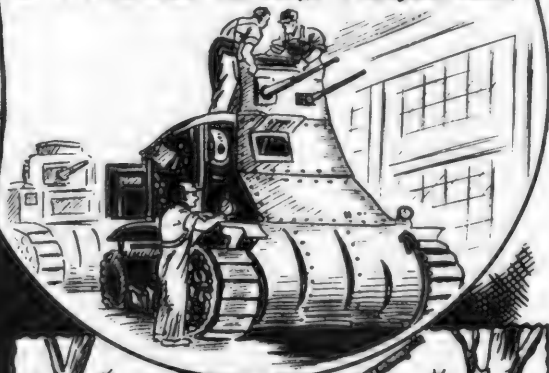
LOMBARDY & BROAD
AND HOPWELL, VA

THE STORY OF MONEY...IN WAR!



MORE THAN 5000 YEARS AGO, EGYPT AND OTHER COUNTRIES OF THE TIME FINANCED THEIR WARS THROUGH THE MEDIUM OF GOLD. THEY SELECTED THIS METAL BECAUSE OF ITS RESEMBLANCE TO THE SUN!

WAR SAVINGS BONDS NOT ONLY HELP UNCLE SAM FINANCE THE WAR, BUT ALSO REDUCE THE PURCHASE OF GOODS CURTAILED BY CONVERSION OF FACTORIES TO WAR PRODUCTION.



IN VIRGINIA, DURING THE REVOLUTIONARY WAR, GUNS, AMMUNITION AND OTHER EQUIPMENT FOR THE COLONISTS WERE OFTEN PAID FOR WITH TOBACCO..... LEGAL TENDER IN THAT STATE.



LIKE CURRENCY, WAR SAVINGS BONDS ARE NO-MARKET-RISK OBLIGATIONS OF THE GOVERNMENT AND ARE REDEEMABLE WITHOUT LOSS TO THE INVESTOR.



BANKS OF THE UNITED STATES ARE VITAL FACTORS IN OUR WAR EFFORT. ONE OF THEIR MOST IMPORTANT ACTIVITIES IS EXTENDING CREDIT TO THOUSANDS OF CONCERNS ENGAGED IN WAR PRODUCTION!

War Damage Precautions

EDWARD H. COLLINS

The author is associate financial editor of the New York Herald Tribune.

IF Hitler decides to strike from the air at the United States the general assumption is that his first target will be New York City, where, because of the size and density of the population, the maximum demoralization—if any—might be expected to result.

When and if that time comes it will be found that the banking community of America's largest city was better prepared for such an assault after four months of war than London was at the end of two and a half years—or, for that matter, can perhaps ever hope to be. This is not set down in a spirit of boastfulness or spread-eagleism. It doesn't mean that New York's bankers are more far-seeing or more alert than those of London, or even that London was slow in preparing its civilian defenses against bombing attacks. (The head of an American branch bank in London, as a matter of fact, has recorded, as evidence to the contrary, that he was issued a gas mask nearly a full year before war was declared.) It simply means that New York banks started out with three great natural advantages over London.

IN the first place, in the light of any circumstances now foreseeable, it is obvious that our immensely greater distance from Axis land flying bases should insure us against the possibility of any such intensive or continuous bombing as that to which Britain's capital was subjected during those terrible months before the R.A.F. attained air parity with its German adversary. In the second place, by and large New York's bank buildings are far safer than those in London, both because of their modern steel fireproof construction and because of their much greater average height. Explosive bombs have penetrated through six stories in London, but it is believed that in modern steel buildings one would be safe from all but the very heaviest bombs if he were more than three stories below the roof. It is probably no exaggeration to say that the safety zone in the middle of a modern New York bank—that is, anywhere from three floors above the street to three floors below the roof, is safer than the best-designed of London's subterranean air raid shelters. Finally, where London had to learn civilian air-raid protection the hard way, we had at the outset the immeasurable benefit of that city's unrivaled experience. It was simply a question of applying the lessons here that London had learned in the course of 27 months under actual fire.

So far as protection against war damage risk among the big New York banks is concerned it may be said that it follows a more or less fixed pattern except where a bank may have certain special problems of its own; and such cases represent a modification of, rather than

Here is the program which is recommended by one expert who has studied the bank insurance problem in the light of war conditions. He urges that every bank:

1. Carry full fire insurance, with extended coverage, having a new appraisal made if necessary to bring the situation up to date.
2. Increase the bank's blanket bond "for the duration." This recommendation is based on the theory that losses through dishonesty of employees (which represents 70 per cent of all bank losses covered by blanket bonds) invariably rises during a war. This is attributable to the exceptional turnover in personnel.
3. Obtain safe deposit liability insurance. (This insurance is conspicuous for the fact that it contains no war exclusion clause.)
4. Review liability policies, being sure that vandalism and malicious damage riders are attached.
5. In case of mortgages held, see that the insurance on the property in question includes extended coverage.

How many banks have actually revised and strengthened their insurance coverage along lines such as these is not known, but such precautions are obviously a logical supplement to the physical steps taken for the protection of personnel, records and buildings under the civilian defense program.

a departure from, the general formula. For example, even in the heart of the downtown financial district there are some banks which are housed in low buildings, making them comparatively vulnerable to air attack. (The most conspicuous example is the famous House of Morgan at "23 Wall," which not only is low and partly glass-roofed, but which has a ceiling over its big first floor without a single pillar supporting it.) In such cases not only is it necessary to evacuate employees and patrons to an adjacent building, but the protection of records presents a special problem. At least two such institutions have for some time now made a practice of duplicating all important current records and sending the duplicates at the close of the day for safekeeping, not only out of the building, but many miles outside New York City.

The problem of civilian bank protection, as it has been approached by the New York banks, falls into three parts—protection of personnel, protection of securities and records, and protection of the building itself.

Although they may vary the pattern and the nomenclature, most banks are organized for this three-pronged program of protection along the general lines laid down so painstakingly in the several *Protective Bulletins* published by the American Bankers Association. That



Arthur C. Eilers, left, building superintendent of the Maryland Trust Company, Baltimore, designed and built this unique piece of apparatus for air-raid purposes. It can be carried in elevators and will pass through any door in the Maryland Trust building, it can be handled easily by one person, and is completely equipped. At right, Miss Loretta McCulloh, Trust Department employee

is to say, an officer or dependable and experienced employee of the bank is named defense coordinator, and it is his function to perfect and supervise an internal defense organization, or defense unit, and coordinate its activities with those of the civilian authorities. He appoints assistants, general floor wardens, special defense wardens (such as the warden in charge of lights, communications, or boilers and plumbing), fire watchers, messengers and first-aid workers. Having done this he prepares defense orders, including detailed instructions for each member of the defense unit for every reasonable contingency, obtains and allots equipment, holds air-raid drills from time to time, carries out regular inspections of building equipment and equipment at the various centers (such as the fire-fighting center and the first-aid center.)

IN New York the duplication of records is not yet a uniform practice, but the movement is gaining popularity rapidly. As noted earlier, banks which for structural reasons consider themselves particularly vulnerable have adopted the plan, but it is by no means confined to them. At least two of the biggest banks (financially and structurally) have followed suit and others are giving active consideration to the idea. The practice as to the disposition of duplicate records differs in different plans, some banks preferring to send them completely out of the New York zone, others merely shifting them to local warehouses or even scattering them over the premises. Most banks employ Recordak films, which, they report, are speedy and inexpensive and occupy only a trifling fraction of the space that would be required for carbons or ordinary photostats. A 200-foot film will carry 12,000 check-sized items.

Aside from the duplication of records, the banks have laid down two general rules for the protection of records on the premises. These are:

1. *Keep desks clear of unnecessary papers.*
2. *Keep all records in safes, vaults or other safe depositories, taking out only what is needed and returning anything used immediately.*

Just as the employees of each department are assigned to designated safety zones, so each type of record has its assigned place, with the most important, naturally, allocated to the vaults or the next safest place. Especially designated "put-away" wardens are responsible for whisking such material to its proper place on the sounding of the air-raid alert. The banks say that it is surprising how little material really has to be kept out at one time. At one big bank, for example, where it had been the practice to bring 16 busses up from the vaults each day, the number has now been cut to three. When an officer or employee wishes to make a substitution of securities behind a loan today he doesn't send for the safe deposit box, but goes down into the vault himself. Another rule that some banks follow is to keep the records bearing on one account distributed as widely as possible about the premises, so that the chances of total loss will be reduced.

As to securities and papers in transit, messengers now are instructed to make more trips, carrying less valuables on each. One bank has a fixed rule that a messenger may not carry more than \$100 in cash or negotiable paper. Emphasis is placed by the banks, incidentally, on reducing negotiability to a minimum through the use of such devices as detached transfer powers or some form of restricted endorsement.

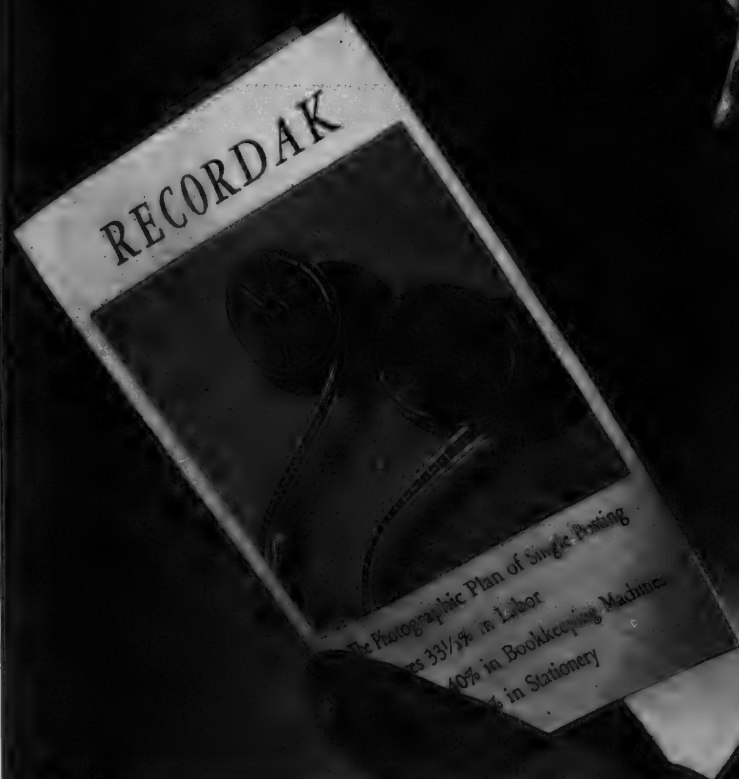
So far as the problem of protecting their buildings is concerned, banks are in much the same position as other businesses and industries, with, in some way, much fewer hazards than those in other fields. True, the securities and papers which are the stock in trade of banks are unusually valuable, but those that are irreplaceable can be kept in vaults, which, in the sub-basement of a modern steel building should be as safe as anything that can well be imagined. There has never been a direct hit by a bomb on a modern bank vault, so the amount of damage that would ensue is still problematical, but we do know that the branch of an American bank in London was completely demolished in an air raid and that not a single security or valuable was destroyed.

The banks have been slightly apprehensive about the shortage of fire resistant depositories under priorities, but this has not been because of their own direct problems. They have been thinking, rather, in terms of the merchandise of business houses which, in many cases, represents the collateral for bank loans to these businesses.

So far as the New York banks are concerned, they have put in effect programs generally similar to that outlined in the American Bankers Association *Protective Bulletin* for April. They have, in summary, provided mechanical means by which warnings may be received promptly and transmitted immediately to personnel and patrons; made certain that black-out can be effected

(CONTINUED ON PAGE 44)

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RECORDAK PHOTOGRAPHIC ACCOUNTING SYSTEMS

War Precautions

(CONTINUED FROM PAGE 42)

rapidly and thoroughly; prepared emergency lighting systems which, while not affecting the blackout, provide the necessary minimum of light to prevent confusion during the emergency; organized emergency communications, signaling and messenger systems; made safety provisions for boilers, steam pipes, gas tanks, etc., and, as pointed out earlier in this article, appointed a bank defense coordinator and organized and trained bank defense units.

There is one phase of bank protection that remains to be discussed briefly, and which cannot be included specifically under personnel, records or building because it touches all three. That is the question of wartime insurance protection.

Up to the time of entrance of the United States into the war, Lloyd's, of London, though it did not write war damage insurance in England, wrote such policies in Canada and the United States. So did a number of the large American insurance groups. But once this country got into the war Lloyd's canceled all its cancellable policies, and by December 12 the last of the big American companies had withdrawn from the field on the theory that the risks were too big and too incalculable. Although three groups—the Rhode Island, the General of Seattle and Loyalty of Newark—are now writing war damage insurance (having had the foresight to make a study on the ground of the British experience) the consensus is here, as it was in England, that the task is one which should be taken on by the Government itself.

Giving effect to this attitude, Jesse Jones, Secretary of Commerce, announced on December 13 the organization by the Government of the War Insurance Corporation, with an initial capital of \$100,000,000. This was regarded as merely a stop-gap measure, however, and plans immediately got under way to set up machinery more in keeping with the dimensions of the task.

Early in January Senator Wagner introduced a bill to provide war damage insurance free in amounts up to \$15,000, with additional amounts available on payment of "a reasonable premium." The Senate version of the measure provided for the insuring of "tangible" property only. In this respect it resembled the present temporary arrangement, which specifically excludes coverage of loss on "accounts, bills, currency, debts, evidences of debt, money, notes and securities. . . ." However, as finally signed by the President, on March 28, the measure included both tangible and intangible property. At the same time the original version was modified so as to eliminate the provision for free insurance up to \$15,000. Premiums will be charged on every dollar of insurance granted—in contrast with the present set-up under which no premium is charged at all. The new company will be known as the War Damage Corporation and will be capitalized for \$1,000,000,000.

THE heart of the new legislation is to be found in section 5g (a), which provides that:

The Reconstruction Finance Corporation . . . shall em-

power the War Damage Corporation to use its funds to provide, through insurance, reinsurance, or otherwise, reasonable protection against loss of, or damage to, property, real and personal, which may result from an enemy attack (including any action taken by the military, naval or air forces of the United States in resisting enemy attack), with such general exceptions as the War Damage Corporation, with the approval of the Secretary of Commerce, may deem advisable . . .

Such protection shall be made available on and after a date to be determined and published by the Secretary of Commerce, which shall be not later than July 1, 1942, upon the payment of such premium as the War Damage Corporation, with the approval of the Secretary of Commerce, may establish.

Although some persons seem to believe that the failure of this measure to discriminate as between "tangibles" and "intangibles" means that it will cover securities and other bank assets, the wording of the law does not justify such a sweeping conclusion. In the last analysis it will remain, apparently, with the Secretary of Commerce to decide this question, which from the banking standpoint, is of ranking importance. There are many good arguments in favor of such coverage, the most persuasive three perhaps being (1) the widespread holdings of War Bonds; (2) the high degree of physical protection that is provided, especially in the case of banks, for such property, and (3) the high rate of salvage in losses of this kind. On the other hand, the fact must be admitted that precedent is against such risk insurance. The British law does not provide such coverage, and, as noted above, the present temporary law in this country specifically excludes it.

WHILE awaiting clarification of the provisions of the Federal war damage law—particularly as to what "reasonable protection" will be construed to mean and what decision will be made as to the inclusion of securities—banks in New York generally have been looking over their insurance problem with an eye to tightening up the protection so far as possible to meet the needs of the war period.

Fire insurance, of course, strictly excludes damage or loss resulting directly from war. Thus, the New York State standard policy says:

This company shall not be responsible for loss or damage caused *directly or indirectly* by invasion, insurrection, riot, civil war or commotion, or military or usurped power.

There is also a war risk exclusion clause in the so-called "extended coverage" endorsement which is attached to most fire policies and which insures against windstorm, hail, explosion, riot, cyclones, civil commotion, aircraft, smoke and motor vehicle damage. Another endorsement frequently added to fire policies is the malicious damage and vandalism endorsement, and this, too, includes war loss and damage.

The insurance companies have thus far adopted a liberal policy with respect to what may be called borderline cases, saying sabotage damage claims except where they were definitely the result of the activities of enemy armed forces. It is felt that most companies will recognize claims arising out of blackout accidents, so long as they do not involve actual hostilities. The same goes for sabotage and explosion. Since riot, rebellion, insurrection and civil war overlap to a considerable extent the only dividing line seems to be whether a uniform was worn or not.



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Work moves rapidly and with certainty through the proof department in a single streamlined operation; *sorting, listing, proving, and endorsing* proceed simultaneously with a minimum amount of handling. Because proof is maintained constantly, there is no occasion for time-wasting "repeat performances" and backtracking to locate errors.

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INTERNATIONAL BUSINESS MACHINES CORPORATION

Offices in  Principal Cities



The LEGAL ANSWER PAGE



Wartime Banking Hours

1. *If a bank wishes to remain open certain additional hours each week solely for the purpose of cashing payroll checks for war workers who are at work during the bank's regular banking hours, is the bank under legal compulsion to perform all banking functions at such times?*

THERE are practical problems involved in the proposed procedure which make it assailable on legal grounds. The chief difficulty the bank will encounter will be to adhere to its resolve to limit or restrict its operations during these after-hours to the cashing of payroll checks for the workers of the defense factory. The employees cashing their payroll checks may want to cash other checks received by them, or they may want to certify a check drawn on the bank by some other depositor than the employer-factory. Likewise, the public upon learning that the bank is open additional hours, may seek to use the facilities of the bank during those hours.

The granting of such additional services could embroil the banks in claims for damages. The depositor whose check was cashed or certified during the after-hour banking hours may seek to stop payment on it the following morning. Or, the depositor whose check was dishonored at such time may attempt to cover the overdraft the following morning. These are some of the possibilities for litigation if the bank swerves from its purpose to transact no other business than cashing payroll checks of the defense workers, and yet does not deviate so far as to make its facilities available to all comers.

This discussion should not be taken to mean that it is not possible for the banks to restrict its functions as planned and if it does so, to be legally safe. The foregoing is merely a caution as to the problems involved in such a course of conduct.

2. *Should a bank desire to remain open for business on a holiday, can it legally perform its usual banking operations?*

SO FAR as private business is concerned, there is no compulsion to observe legal holidays unless the statute designating the holiday makes its observance mandatory, which is not the usual case. Corpus Juris in its article on *Holidays* states the proposition thus: "A legal holiday other than Sunday has effect as a holiday only as to those acts and transactions which are designated in the statute establishing the day. Accordingly, it is held that, with the exception of matters concerning which the statute provides that the day shall be treated

as Sunday, any act done on that day is as effective as if done on any other day." [p. 762].

However, many of a bank's transactions concern matters governed by the Negotiable Instruments Law. Because this is so they hit a snag when they attempt to operate as usual on a holiday. Section 72 of the uniform draft of the Act provides that "presentment for payment to be sufficient must be made . . . at a reasonable hour on a business day . . ." Section 85 provides that "every negotiable instrument is payable at the time fixed therein without grace. When the day of maturity falls upon Sunday, or a holiday, the instrument is payable on the next succeeding business day . . ." Section 146 provides that "A bill may be presented for acceptance on any day on which negotiable instruments may be presented for payment under the provisions of Sections 72 and 85 of this Act . . ."

THE difficulties of a bank in the conduct of its business on a holiday are fairly apparent after a reading of these three sections. Even though it has permission to remain open on a holiday, in view of these sections (1) Can it hold a check or demand note to be dishonored if it is presented for payment on a holiday? (2) Can it properly pay a time note the date of maturity of which is a holiday? Further questions which must plague the bank and on which there is a lack of unanimity of legal opinion are: (3) Can the bank safely pay a check drawn on itself? (4) What are its collection obligations when it accepts for deposit a check drawn on another bank in the same city or when it accepts a check drawn on another bank in another city? (5) Can it certify a check on a holiday? These are but a few of the questions which must trouble any bank remaining open on a holiday.

The Committee on State Legislation of the Association has recommended the adoption of its Holiday Bank Transactions statute to meet many of these problems.

It must be recognized, however, that this Act does not purport to be an amendment to the Negotiable Instruments Act, and generally the courts will not interpret a provision outside of the Act as an amendment to it. Therefore, even if the proposal is made law, it will not be possible on a holiday to have a sufficient presentment of an instrument so as to support dishonor; moreover, the payment of time instruments falling due on holidays on which the bank remains open would still be premature. On the other hand, the bank would be protected in paying its own checks, in certifying checks, or in paying demand notes payable at its offices.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Statement of Condition, March 31, 1942

RESOURCES

CASH AND DUE FROM BANKS	\$1,254,614,212.64
U. S. GOVERNMENT OBLIGATIONS, DIRECT AND FULLY GUARANTEED	1,417,882,545.18
STATE AND MUNICIPAL SECURITIES	129,334,801.56
STOCK OF FEDERAL RESERVE BANK	6,016,200.00
OTHER SECURITIES	190,728,145.63
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES.	830,805,951.76
BANKING HOUSES	37,506,299.93
OTHER REAL ESTATE	6,991,907.40
MORTGAGES	8,091,008.64
CUSTOMERS' ACCEPTANCE LIABILITY	3,869,157.06
OTHER ASSETS	13,598,310.34
	<u>\$3,899,438,540.14</u>

LIABILITIES

CAPITAL FUNDS:	
CAPITAL STOCK	\$100,270,000.00
SURPLUS.	100,270,000.00
UNDIVIDED PROFITS	43,042,790.56
	<u>\$ 243,582,790.56</u>
RESERVE FOR CONTINGENCIES	11,378,181.79
RESERVE FOR TAXES, INTEREST, ETC.	3,152,304.45
DEPOSITS	3,628,256,645.35
ACCEPTANCES OUTSTANDING	4,725,756.73
LIABILITY AS ENDORSER ON ACCEPTANCES AND FOREIGN BILLS	413,824.79
OTHER LIABILITIES	7,929,036.47
	<u>\$3,899,438,540.14</u>

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★ BOOKS ★

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Sales Tax

THE THEORY OF INCIDENCE OF SALES TAXATION. By *John F. Due*. King's Crown Press, New York City. 257 pp. \$2.25.

A **DIVISION** of the Columbia University Press presents in novel format this study by an instructor in economics at the University of Utah. Professor Carl Shoup of Columbia says the book "throws open a new field in tax analysis and may easily prove a major influence in guiding the course of subsequent studies in shifting and incidence. It will disturb and perhaps alter opinions commonly expressed, based loosely on older analyses, concerning the extent and direction of the shifting of various types of sales taxation." Various types of sales taxes are considered.

The book, offered as "an experiment in low-cost publication and distribution," is an offset reproduction of the typescript and has a ring binding.

Employee Relations

SHARING INFORMATION WITH EMPLOYEES. By *Alexander R. Heron*. Stanford University Press, California. 204 pp. \$2.50.

THE important word in Mr. Heron's title is the first. Viewing business as a social as well as an economic institution, he emphasizes the importance of candid understanding between managers and workers.

The book, which points out ways and means of sharing information about a business, is the result of Mr. Heron's own experience. He is director of industrial relations, Crown Zellerbach Corporation and Rayonier, Inc.

Blue Book

The first 1942 edition of Rand McNally **BANKERS DIRECTORY** shows that the five leading states in point of total deposits are New York, Pennsylvania, Illinois, California and Massachusetts, while the order of total loans in dollars is New York, California, Massachusetts, Pennsylvania and Illinois. Massachusetts banks have loaned 42.04 per cent of deposits, California is second in this respect, with 41.3 per cent of deposits loaned, New

York third with 31 per cent, Pennsylvania fourth with 29.6 per cent and Illinois fifth with 24.8 per cent. The Blue Book also reveals that the banks of the country hold \$25,440,712,000 in government bonds. Data in the book are corrected to March 1942.

Other Publications

CREDIT PROBLEMS IN A WAR ECONOMY. By *Roy A. Foulke*. Dun & Bradstreet, Inc., New York. 71 pp. In this pamphlet the manager of the agency's specialized report department, who writes this month for **BANKING**, undertakes a timely, authoritative discussion of broad financial and credit problems resulting from the war. Among them are financing emergency plant expansion, financing war production, and the problems of the mercantile creditor. Included in the pamphlet are Mr. Foulke's annual balance sheet and operating ratios for leading lines of business, covering the year 1940.

THE DEVELOPMENT OF AMERICAN INDUSTRIES. Edited by *John G. Glover, William B. Cornell*. Prentice-Hall, Inc., New York. 1,005 pp. \$5.60. A revision of a text stressing the economic significance of 39 industries. A chapter on banking was written by Gurden Edwards, former director of the Research Council, American Bankers Association. The editors are on the New York University faculty.

UNIFORM NEGOTIABLE INSTRUMENT LAW. By *Arthur C. Vogt*. Bankers Press, New York. \$1. A pamphlet of charts summarizing certain provisions and requirements of the law, arranged for ready reference. Mr. Vogt is second vice-president, Guaranty Trust Company of New York.

MINIMIZING DEATH TAXES. By *C. Morton Winslow and K. Raymond Clark*. Commerce Clearing House, Inc., Chicago. 190 pp. \$1. The fourth edition, revised and enlarged, of an analysis of the liabilities, exemptions and alternatives under inheritance, estate and gift tax laws statutes.

CORPORATE EXECUTIVES' COMPENSATION. By *George Thomas Washington*. Ronald Press, New York. 519 pp. \$7. "The purpose of this book is to study, against the background of our law of corporations, with its emphasis on traditional economic patterns, the system of managerial rewards that has grown up in this country during the last three or four decades." It also studies the "impact of the regulatory and tax policies of the Federal Government." Mr. Washington is professor of law at Cornell University.

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This department of **BANKING** is conducted by **John J. McCann**.

Employee Training

THE AXIOM "A well trained employee does the work of two poorly trained men" prompted THE DETROIT BANK to adopt recently a full scale training program, which contains a wealth of suggestions for seasoning the staff for the big job ahead:

Working quarters consisting of a classroom and a machine practice room have been provided for the training department. Classroom equipment includes a dummy teller cage, a projector and large screen for projection study of forms, printed material and other exhibits discussed by the class and the instructor. The machine practice room is complete with a battery of latest type machines, sorting boxes and work tables.

The orientation procedure for new employees consists of a tour through all departments by a training staff escort, who discusses functions, systems, policies, etc., with incidental sidelights on bank history and organization. This information is further supplemented in the employee's handbook, which he is required to study as part of classroom assignments. Before he is enrolled for departmental courses, he receives training in the use of the telephone.

Distribution clerks and bookkeepers receive a combination of class instruction and machine practice. A record is kept of each operator's progress on a special form. The training procedure follows actual practice as closely as possible on test check runs and transit items.

Bookkeepers are instructed from the regular manual, followed by actual practice on a dummy ledger, with sample checks and deposits prepared to resemble actual debit and credit items. Practice in commercial journalizing follows in the same manner after hours.

The teller's training class consists of 15 to 20 regular meetings conducted by

four instructors. Two written examinations are given after demonstration and practice work has been satisfactorily completed in class. A 75 per cent grade qualifies for a window job; those who fail are given a second course, but no more. Customer relations is interwoven in this course.

Transportation Pool

SAVE GAS—save tires, but attend important bank meetings and conferences, is the counsel of WISCONSIN BANKERS ASSOCIATION to members. Last month, on the occasion of the fifth conference on banking at Madison, co-sponsored by the School of Commerce, Milwaukee delegates heeded the advice, chartered a bus and attended en masse. The same idea was adopted by other



groups, and many doubled up the trip in private cars. This pool idea can be worked very simply and it fits today's objective of cutting time, expense and travel for all bank gatherings.

Program

HERE'S THE five-point conservation program now in force at the FIRST NATIONAL BANK AND TRUST COMPANY, Montclair, New Jersey:

1. Checking statements are being mailed on the first or second day of the new month, rather than the last business day. Saves time and overloaded work.
2. Two-column debit statement and ledger sheets are being substituted for the former three-column form. Speeds up machine operation and saves paper.
3. Bookkeeping department for main office and branch centralized with direct phone wire from branch tellers to bookkeeper. More efficient communication.
4. Employees are instructed to conserve supplies. Inter-office envelopes are reused.

Incoming mail envelopes are cut flat, wire stapled and used as scratch pads.

5. Present system of directly entering payments on instalment notes, liability record, etc., is being changed over to a system of accumulating payments in savings department until they equal the total of loan—then one transaction is sufficient.

Rationing

DE KALB COUNTY bankers of the Illinois association have a plan to bring the "have's" and "have not's" together for mutual settlement of this equipment shortage problem. The idea is for the banks within a federation to pool their machine and supply resources, and make available to any member the necessary material and assistance, when his orders are delayed or bottlenecked. This group also sees the advantage of hiring a good repair man to service all member equipment—not on a regular maintenance contract. His job would also entail hauling needed equipment back and forth from lender to borrower in emergencies. Possibly, on this basis, the pool will find it desirable to purchase "reserve" machines of various types, new or used, for the same purpose.

Expense Control

AT THE LINCOLN-ALLIANCE BANK & TRUST COMPANY of Rochester, New York, conservation is centralized in a newly appointed expense control committee, which scans every item of expense over \$25 before it is spent for the bank and the bank building. Department heads and branch managers contemplating expenditures for equipment, materials, etc., appear before the committee with recommendations, costs and other essential data. Here are just a few of the items which the committee eliminated:

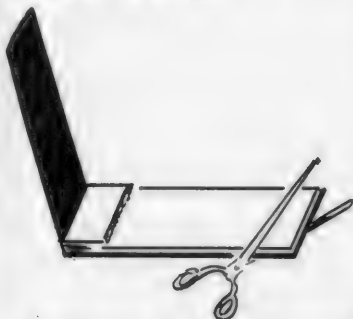
Sign lights on all offices turned off for duration; service contracts canceled; shifted excess men's lockers to women's quarters to fill shortage; shifted safe deposit boxes from branches to more active departments to meet rental demands; installed bubbler fountains, eliminated drinking cups; and com-

bined all operating departments under one supervisor. Through his contact with the committee, each department head is made conscious of the need for all-out economy.

Cutting Check Costs

WHAT CAN banks do to eliminate waste in checks? The following recommendations are made by The Todd Company and DeLuxe Check Printers Inc.:

1. Imprinting depositor's name and charging a small fee for all books issued makes the depositor more conscious of the value of blank check forms, and encourages a more circumspect use of the service.
2. Counter checks are an invitation to waste. Unthinking depositors use them as scratch pads and "doodlers" indulge their hobby. Mechanical dispensers is one answer. But many banks, mainly in the East, have discontinued counter checks altogether.
3. If the counter check custom is too strong, it is suggested that they be distributed in pads of 25 or 50, rather than the standard 100. Or, preferably, rationed around the counters loose, and a few at a time.
4. Blank checks should never be given to anyone except an accredited bank depositor. There are not only sound reasons of safety for this prohibition, but reasons of conservation. The fewer blank checks given out, the less waste.



5. The number of checks given to a depositor should be held to a minimum until account experience indicates his average requirements. Then still be sparing. Generosity in this instance is one of the greatest sources of waste.
6. Banks that purchase checks in large volume and attempt to store the supply on their own premises have had some sad experience. Spoilage due to exposure to sunlight, moisture, dust and other causes often eat up the savings of quantity buying. The most economical method is to take the price advantage of quantity, but withdraw from the manufacturer's stocks as needed.
7. Permanent check bindings are costly, extravagant in these times. Use one of the many refill types that will last for several years without replacement.

Collections

BRANCH BANKING & TRUST COMPANY of Wilson, North Carolina, has an idea for faster, less costly collections. The customary practice of wiring the

last endorser of a check amounting to \$500 or more when it is unpayable for any reason whatever, frequently sets in motion an involvement of several intermediate banks, with collect telegrams shooting back and forth, plus several days delay in returning the item to the first endorser. A check, for example, with four endorsers runs back in sequence to the original endorser; the customer is loaded with wire charges and clerical time is increased four-fold. Most cash letters now have at the top a notation reading, "Wire nonpayment of items \$500 or over." This, says the bank, could be changed to read, "Wire

direct to first bank endorser nonpayment of items \$500 or over."

Buy, Sell, Swap!

USED BANK equipment has an increasingly anxious market. Anticipating this situation, the IDAHO BANKERS ASSOCIATION organizes a buy and sell service department for members. Monthly bulletins will henceforth carry a special section devoted to notices on used equipment available, and the needs of member banks. Each item will carry complete details and price, but not necessarily the vendor's name. Transactions will be cleared through the secre-

1863



1942

Correspondent Bank Service

Through the divisional organization of this bank, the business of banks and bankers is concentrated in Division F. This affords to correspondents the prompt and personal attention of officers who, through years of experience and broad contacts in all parts of the country, render efficiently the many services required by bankers.

Executive officers coordinate the divisional organization with all other departments of the bank, rounding out a complete financial service.

Banks are invited to use our comprehensive facilities to the full extent of their needs.

The First National Bank of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

tary's office or direct. This plan aims at eliminating valuable equipment from the junk pile, cutting the middleman's dickering and commissions, and putting discarded items immediately back into service. A similar plan could be worked among regional and clearing-house groups.

Typewriter Tips

REMINGTON RAND INC. provides a wartime conservation program for typewriters:

1. Wipe the exterior finish and exposed parts of the typewriter with a clean, dry cloth every day.

2. Keep machine covered at all times when not in use.
3. Move machine and dust desk underneath as air circulation will raise the dust up into inner workings if allowed to accumulate.
4. Brush out erasures from the segment (typebars), and other accessible places where they have fallen, every day. (In erasing, it is wise to bear in mind that if the carriage is moved to the extreme right or left, eraser dust will fall away from machine and minimize accumulation.
5. If volume typing is done every day, clean type with stiff brush daily to preserve clean, clear-cut printwork.
6. Release feed rolls every night to prevent

flat spots from developing on them from resting against platen. Release rolls also during day when machine is idle.

7. After consulting service man, lubricate the runways and all moving parts with oil weekly as instructed by him. Too much oiling is harmful.
8. Have service man demonstrate how platens are cleaned, handled and cared for. They are made from a rubber base and control, to a large extent, accurate and even alignment of type.
9. Consult a qualified expert on adjustments, repairs and conditioning. Don't tamper.

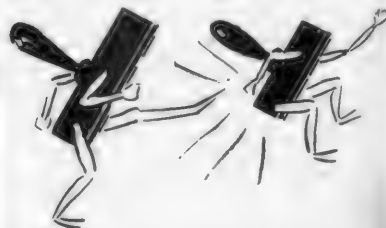
Clear Desk

TIME WASTE by chief executives is largely due to three causes: (1) Lack of complete information, in usable form; (2) excessive interruptions for matters that are not urgent; (3) unnecessary personal handling of operations which should be made routine. So runs the Survey of Business Practice conducted by the Hammermill Paper Company of Erie, Pa. The antidote for these three major desk-jammers is contained in a booklet, "21 Ways to Keep a Clear Desk." The booklet contains ideas for executives, advertising managers, purchasing agents, treasurers and auditors, office managers and printing buyers.

Stamp Check-Up

"FOR 40 YEARS," says the UNITED SAVINGS BANK of Detroit, "our tellers have hit each check, debit or credit item handled, with a teller's stamp bearing the window number. Then the day's accumulation of checks wound up on the bookkeepers' desks, where they had to be hit again, on the back, with the bank's endorsement stamp."

This practice is, of course, quite standard. But a bright young teller made a suggestion: combine the teller's window stamp with a small, compact endorsement stamp, do both jobs with one op-



eration. This idea was adopted with a sigh of relief from the bookkeeping department. Time and "elbow energy" now conserved amounts to a full hour or more per day.

Route the Mail

AMONG THE conservation ideas in force at THE NATIONAL CITY BANK of New York is one directed at the daily



From bank statement to Permanent Records

Profit by the eighty years' experience that gives PARSONS RECORD PAPERS distinctive appearance, ruggedness and durability that can't be matched. Made from cotton fibers, they have strength to withstand rough usage—then remain intact for ages. The surface is smooth to the pen, yet immune to erasures and thumbing. You pay no more for the extra quality of PARSONS RECORD PAPERS, so why not enjoy the benefits? Ask for sample book or test sheets.

Sample books of these grades can be obtained from your Printer, Lithographer, Parsons Merchant or direct from the mill.

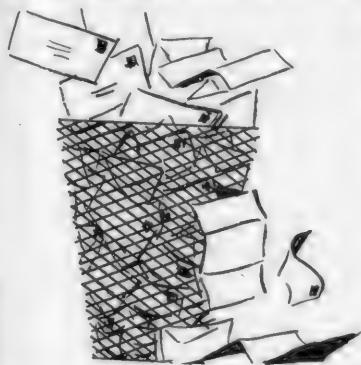
PARSONS RECORD PAPERS... OLD HAMPTON BOND • GOTHIC BOND
LACONIA BOND • SCOTCH LINEN LEDGER • PARSONS LINEN LEDGER
DEFENDUM LEDGER • MERCANTILE RECORD • PARSONS INDEX

Parsons

BONDS
LEDGERS
INDEX

PAPER COMPANY • HOLYOKE • MASS.

mailbag. An effort is being made to eliminate a great amount of the promotional literature, advertising and publicity material addressed to various officers and departments. Most of this is duplication and great quantities have to be sorted and delivered by an army of page girls. The bank is requesting that all advertisers, friends and customers responsible for this type of mail pare their mailing list to one plate—the



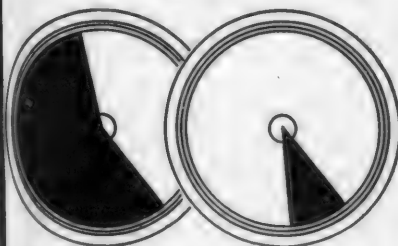
advertising department. This department is charged with studying the material and routing items to interested executives and departments.

Correspondence

REPLIES to incoming correspondence carboned on the reverse side of the original letter makes a three-point saving for the NATIONAL BANK OF WASHINGTON, D. C.: (a) Saves one copy sheet for each letter; (b) reduces letter filing space by 50 per cent; (c) the original letter and reply are inseparable. Outgoing correspondence makes full use of each letterhead; both sides are used when necessary.

Centralize

COMMONWEALTH BANK of Detroit saves labor, equipment and untold work space by centralizing all the accounting procedure of 20 branches at the bank's main office. This includes the books and records of the regular commercial de-



partment, pay-by-check department, savings department, cashier's checks, New York and Chicago drafts, notes, mortgages, credit and information files. Direct telephone lines with all branches

simplify communication. To maintain this unique system, many of the branch tellers report at the main office at 7:30 A.M. and are assigned to bookkeeping and clerical work until 9:30 or 10 A.M., when they resume their regular branch duties.

Night Shift

A SOUTHERN BANK meets a personnel problem by transferring 25 per cent of its bookkeeping staff to a night shift. From 6 P.M. to 1 or 1:30 A.M., they sort all checks which came in during the day by mail, through the clearinghouse,

or over the tellers' windows for the city bookkeepers. The bookkeepers and statement clerks are at their desks at 7:30 A.M.

With checks and credits already sorted, posting operations are completed by 9 A.M., when the bank opens. The tellers, therefore, are in a position to check with bookkeepers or statement clerks and obtain correct balances on any account immediately. This change was made with the same personnel as formerly, and the work cuts each employee's time about an hour and a half per day.

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Statement of Condition, April 4, 1942

RESOURCES

Cash and Due from Banks	\$ 722,448,131.87
United States Government Obligations,	
Direct and Fully Guaranteed	730,752,296.50
Other Bonds and Securities	79,589,139.76
Loans and Discounts	286,385,806.90
Stock in Federal Reserve Bank	3,000,000.00
Customers' Liability on Acceptances	795,947.85
Income Accrued but Not Collected	3,662,738.27
Banking House	11,925,000.00
Real Estate Owned other than Banking House	1,822,916.35
	<u>\$1,840,381,977.50</u>

LIABILITIES

Deposits	\$1,701,347,123.86
Acceptances	849,366.13
Reserve for Taxes, Interest and Expenses ...	6,635,483.52
Reserve for Contingencies	17,223,907.22
Income Collected but Not Earned	531,280.89
Common Stock	50,000,000.00
Surplus	50,000,000.00
Undivided Profits	13,794,815.88
	<u>\$1,840,381,977.50</u>

United States Government obligations and other securities carried at \$229,671,450.30 are pledged to secure public and trust deposits and for other purposes as required or permitted by law

Member Federal Deposit Insurance Corporation

Methods

Keep 'em Flying

A NATION-WIDE program, to help finance the training of skilled aviation technicians and pilots, is now being offered by the Embry-Riddle School of Aviation (Miami, Florida) through the MORRIS PLAN BANK OF VIRGINIA (Richmond) and a group of cooperating Morris Plan banks. Loans are qualified on the basis of character and credit. Co-signers are necessary only when

credit history is incomplete, or when previous earnings do not warrant a large loan, or if the individual's draft status is 1-A.

The plan applies to both technical and flight courses and may be extended to cover board and room up to \$12 weekly. In the event the student is inducted before the completion of training, his tuition and loan is prorated. A practical feature of the plan is that the first monthly repayment does not fall due until 45 days after graduation—sufficient time for the student to find gainful employment in the fast-growing aviation industry. He then has a rea-

sonable number of months to repay the loan. Interest is based on \$6, plus \$1 for life insurance, on each \$100 borrowed. The plan is open to both men and women and all applications are cleared through the Virginia institution.

Post-war Planning

THOSE CONCERNED with the problem of cushioning the post-war readjustment of industry will find encouragement and help in a recent pamphlet issued by the Research Advisory Service of the LIBERTY BANK, Buffalo, New York. Leading manufacturers, economists and management engineers answer the question: How to prepare to keep up sales volume after the current emergency markets cease to exist? The pamphlet quotes authoritative opinions and experiences which, in total, give the national picture of current industrial research and planning. It is particularly interesting to note that of the 360 manufacturers giving specific replies: 66 per cent are maintaining or expanding industrial research programs; 20 per cent already have new products developed; 32 per cent are maintaining or increasing their sales staffs to improve customer relations and build goodwill; and 18 per cent are maintaining or increasing their advertising expenditures. Some manufacturers are doing all three.

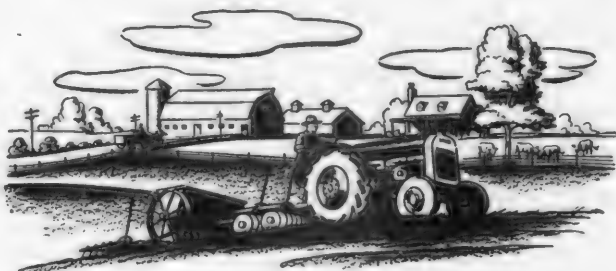
School Savings

YOUNGSTERS ON the West Coast are doing their bit through the new combination school savings and War Savings Stamp program adopted by the Los Angeles City and County School Savings Association. The plan continues the regular systematic deposit program and all other elements of thrift education, but in addition qualifies the student for the coveted "Thrift Certificate" should he choose to buy War Bonds or Stamps. A special red, blue and silver seal is affixed to the certificates earned on this latter program. Emphasis is placed on demonstrating the importance of cooperating with the Government in the present War Savings program. All materials are now issued in the national colors under the slogan "It's Patriotic to Be Thrifty."

Balance Sheet

AN UNUSUAL treatment of the statement of condition has been developed by THE MERCHANTS NATIONAL BANK & TRUST COMPANY, Syracuse, New York. A visible indexed division of the booklet contents is achieved by die-cutting the top of each page on an

American Banking Aids The "Food for Freedom" Program



This year the farmers of our country have been called upon to produce the largest amount of farm products in history. The foods, oils, and fibers to be produced are essential for strength, health, and critical military supplies... they are truly munitions of War and tools of Victory.

The financing of this vast agricultural production is an important contribution to America's War Effort. It has been, and should continue to be, the legitimate function of the rural bank.

The Banks and Bankers Department of Mercantile-Commerce contains men with actual, practical experience in the field of agricultural credits. Their cooperation is always available to our correspondents.

MERCANTILE-COMMERCE

Bank and Trust Company

SAINT LOUIS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

angle. At a glance, one sees Bank Services, Personnel, Balance Sheet, Officers and Directors. The six-page booklet is actually one page gate-folded and bound only on the left fold. The effect is interesting and attention-getting.

Service Flags

THE FIRST NATIONAL BANK at Palm Beach, Florida, takes a new tack in wartime public relations. It recently offered a service flag with one, two or three blue stars to all families, residents of the Palm Beaches, who have sons now serving in the armed forces. Robert E. Conn, vice-president, said the bank considered it a distinct honor to give this token of recognition to parents whose sons are serving with the Army, Navy, Marines and Air Corps. A few hours after the opening announcement in the daily press, 14 parents requested flags. The flags may be obtained by calling in person or by mail, giving parents' names and addresses, and name of son and branch of service.

Cyclists



As their contribution to the rubber conservation program, employees at Bank of America's Alhambra (Calif.) branch pedal to work

New Device

SOMETHING NEW in the way of coin saving devices is currently offered by the IRVING SAVINGS BANK of New York City. It is called the "Victory Saver." The bank will popularize its use for war savings, for anticipating taxes, and to build up personal savings accounts. Needless to say, the motif is timely and early requests indicate promising returns.

Promotion

STATE PLANTERS BANK AND TRUST COMPANY of Richmond, Virginia, undertakes a loan theme that's tuned to the war pulse. Let's make this "Get-Out-of-Debt-Year," says current advertising. Pay the doctor, stores, taxes

Centre of Commercial Gravity

PHILADELPHIA is in the centre of one of the World's greatest and busiest manufacturing and industrial areas, buzzing right now with the widest activity in its history.

Business and banking transactions of every sort and kind are drawn toward it from all over the World.

If you need local credit information, quick collections, foreign exchange, or any of our complete commercial banking facilities, an account with this bank will prove to be a valuable asset to you.

... THE ...

PHILADELPHIA NATIONAL BANK

ORGANIZED 1863

PHILADELPHIA, PA.

Capital, Surplus and Undivided Profits

\$46,000,000

Member of Federal Deposit Insurance Corporation

and clear the slate, for less cash outgo each pay day. This story has a familiar ring, but it is more timely now than ever before. Consumer credit in many lines is stymied by priorities and shortages. The individual will, if he hasn't already, think more of every opportunity to save rather than continue in debt. As a supplemental campaign, the bank plugs War Bonds and the two themes work hand-in-hand. It seems at least one effective way to link the objectives of a loan department and thrift department to the national purpose.

Service, Men!

NOW THAT DRAFT reaches middle-age groups and beyond, the agency account trust department service comes in for timely promotions. The FIRST NATIONAL BANK & TRUST COMPANY of Minneapolis beats the ball with an attractive mailing piece appealing "To Men Going Into Service." It reminds the reader that war is a full-time job, that there will be little opportunity for one to look after personal financial affairs. It discusses pertinent facts about Agency Accounts, Living and Voluntary Trusts and Wills.

Safe Deposit Boom

BOX RENTALS have increased sharply since Pearl Harbor. And indications are that coastal areas account for much of the national increase. CALIFORNIA BANK OF LOS ANGELES is a good example. December rentals were greater than the previous 11-month total. An analysis of trends shows a decided preference for small units. While the majority of rentals are for the safekeeping of War Bonds, a new significance in recent months has been attached to birth certificates, marriage certificates, insurance policies and social security papers. This is an angle for current selling.

Violet for Madam

VIOLET is a warm, friendly color. So to stop the ladies' attention, the LINCOLN BANK AND TRUST COMPANY of Louisville uses deep violet stationery to talk about its year-to-pay loan service. The bank signature is printed in yellow ink, the letter typed with a silver ribbon. When you stop to think of what manufacturers and retailers do to stylize their service and products and sales appeals to the feminine mode, perhaps you're missing a bet too on this question of colorful presentation.

Farm Award

THE SCOTTISH BANK of Lumberton, Red Springs and Pembroke, North Carolina, has an idea to encourage farming-for-free tom. It offers \$200 in cash prizes to county farmers who can make their farms an "arsenal" of food production. The farmer must produce his own milk supply; produce his own meat supply; have an adequate flock of poultry; an adequate year-round garden; develop other sources of income than cotton and tobacco, and give attention to his woodlands, farm and home improvement. The income per acre of supplementary crops will be the deciding factor after the contestants qualify on all other points.

Latch String

ARE YOU putting out the latch string for the new business that's mushrooming on Main Street? New plants, new branches, new offices are springing up in all industrial centers. Some banks have used various means of spreading the welcome mat by personal contact, direct mail and newspaper space. The effective welcome is the first welcome—or so it seems. Interesting examples are supplied by THE NATIONAL CITY BANK OF CLEVELAND, which runs a series "So You're Doing Business in Cleveland,"



ALERT

FULTON CORRESPONDENT SERVICE

FULTON NATIONAL
ATLANTA *Bank* GEORGIA



GMAC
GENERAL MOTORS ACCEPTANCE CORPORATION

is engaged primarily in facilitating wholesale distribution and retail sales of consumer goods manufactured by GENERAL MOTORS CORPORATION and its affiliates or sold by dealers in its products, such as automobiles and trucks; refrigeration and air conditioning appliances; lighting, power and heating equipment.

The business consists of investments in self-

liquidating credits, which are widely diversified as to region and enterprise, capital employed being in excess of eighty million dollars.

In obtaining short term accommodation, GMAC issues one standard form of note. This obligation it offers to banks and institutions, in convenient maturities and denominations at current discount rates.

GENERAL MOTORS
INSTALMENT PLAN

These NOTES are available, in limited amounts, upon request.

EXECUTIVE OFFICE NEW YORK • BRANCHES IN PRINCIPAL CITIES

and by the AMERICAN SECURITY & TRUST COMPANY, which strikes the theme—"We'd Like To Be Your 'Home Town' Bank." Illustration: proofs.

Copy

COPY IDEAS are elusive things, say the ad managers. But there is a ready-made copy source which can be tapped occasionally and with stronger effect than perhaps an "original" effort. We refer to the editorials that appear regularly in newspapers and magazines. They are timely, well composed and strike very often a point that applies to banking. Invariably permission to reprint is simply a matter of a letter to the editor. Some effective advertising owes its success to a postage stamp. Here's how it works: Recently, Royal F. Munger answered the rumors regarding bank deposits with an editorial which, in substance, pointed out that any move to cast doubt on savings might be enemy propaganda. The AMERICAN NATIONAL BANK OF KALAMAZOO, Michigan, reprinted the article in local papers because of its timely and vital local interest.

Income Tax Loans

PRIOR TO MARCH 15 a large number of banks geared their loan services to an urgent demand for cash for Uncle Sam's tax collectors. The percentage of taxpayers who have chosen the quarterly instalment payment plan suggests that there will be a big demand for tax loans as payments fall due. One institution—the INDUSTRIAL NATIONAL BANK OF CHICAGO—departed from the concept of a long-term loan for tax purposes, and set terms on a more current basis to meet the necessity of quarterly payments to the governments. The prospect was offered a series of quarterly loans, timed to tax deadlines and repayable in monthly instalments. The plan will be promoted for June, September and December.

Advertiser

THE MESICK BRANCH of the CADILLAC STATE BANK (Michigan) publishes a little house organ called "The Banker Advertiser." It renders a real community service. One section is devoted to a want ads—buy and sell ads. Customers make known their wants from used tires to what have you, including a collie pup, china hogs, tractor rentals etc. No charge is made for the listing. Perhaps as shortages and priorities begin to more seriously affect civilian goods, we'll see a lot more of this type of advertising. Might be a good thought

to put in the idea file for future reference.

Payroll Problem?

INCREASED EMPLOYMENT, and increasing payrolls create a problem of lobby traffic and peak loads. The large increase in number of persons wanting to cash payroll checks can be diverted to some extent. One Washington bank worked out a plan of encouraging local filling stations, drug stores, neighbor-

hood merchants, etc., to honor payroll checks of identified individuals. Although the checks are later received as commercial deposits, the items are handled in bulk by machine after banking hours. Lobby space and teller's time are saved.

First-Aid

ONE OF THE items in the air-raid precaution manual is first-aid facilities. The NATIONAL BANK OF DETROIT, for

"Carrying
lots of pressure
these days..."



"THERE is more steam up in the Bell System than I ever remember. The wires hum with war and wartime production. There's more telephoning than ever before.

"The pressure of war and war's work is on—especially on our toll lines. If you are going to use Long Distance you can help by—

Knowing the number you want to call. Calling in the less busy hours—before 10 A. M. and after 8 P. M., for example.

"Let's give vital war calls the right of way and make equipment go as far as possible, saving copper and other materials for the war."

BELL TELEPHONE SYSTEM



"The Telephone Hour"—presenting great artists every Monday evening—N. B. C. Red Network

one, has worked out a plan supplementing its regularly staffed infirmary. The bank has selected a corps of 50 girls from the staff—all graduate first-aiders—and assigned 10 to each of five bank safety zones. Each zone is equipped with two first-aid kits.

Forehanded

THE SOCIETY FOR SAVINGS, Cleveland, does an interesting job of promoting its 1942 Tax Club. Attention-compelling headlines and illustrations tell the Clevelander how to kill the taste of income tax medicine with a simple plan of systematic savings. The formula

is simply to take this year's tax and double it. Then divide by 50 for the weekly instalment. Perhaps such advertising, consistently carried out, will be effective.

Via Post

ONCE THERE was talk about modern transportation cutting time and distance to the point where banking-by-mail would lose much of its attraction. Perhaps country folk still won't worry about tires as long as Old Dobbin is in the barn, but our guess is that the near future will see a big revival of banking via post. There have been lately many

interesting developments in deposit-receipt-withdrawal envelopes, in by-mail banking kits and the like. One such item strikes us as being particularly useful in design. THE BOSTON FIVE CENTS SAVINGS BANK issues an attractive wallet-type kit containing appropriate literature and a complete set of forms and envelopes. It is serviceable and pocket-size.

Latin America

FIRST NATIONAL BANK OF CHICAGO's foreign department issued recently a summary of credit, economic and exchange conditions in Latin America compiled under present wartime conditions. Salient facts relative to each nation are presented in concise form. Official sources have been drawn on freely, and considerable data has been furnished by the bank's correspondents throughout the continent.

Credit Card

ONE WAY to reward preferred credit risks, to speed loan transactions and to pave the way for better customer relations is suggested by a credit card system introduced at the GRANITE TRUST COMPANY, Quincy, Massachusetts. When a Granitime loan is paid in full, sched-



ules are examined by the department manager and rated for punctuality. In recognition for promptness, the bank issues a "prompt payment certificate" and credit card bearing the account name, number and date. It is mailed to the individual with a cordial note expressing appreciation of past business and offering a credit "right-of-way" in future relations.

Rejoinder

THE BROOKLYN SAVINGS BANK runs a series of ads giving an impressive picture of the security of mutual bank deposits. Each carries the "punch" line "The Pioneer of savings institutions in Brooklyn—Established in 1827." Ad heads, giving a clue to the copy, run like this: "The 15th Anniversary in our Second Century," "When the U. S. A. was 23 States," "Before Andrew Jackson was President," "Older than the City of Brooklyn."

Here's an "ALL-OUT" Service for you and your customers

Efficient handling of your California transactions represents the base—but, by no means all—of the service that Bank of America offers banks and bankers everywhere.

For Bank of America affords its correspondents what is truly an "all-out" service . . . a service which goes beyond the mere routine. This is made possible by 495 branches which intimately serve business, industry and agriculture in every section of California.

If your customers have an interest in California—and especially in this state's great defense effort—Bank of America can serve that interest best.

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

MEMBER . . . FEDERAL RESERVE SYSTEM — FEDERAL DEPOSIT INSURANCE CORPORATION

Complete Banking Facilities in Each of 495 Branches in 307 California Communities
Commercial - Savings - Trust - Safe Deposit

Main offices in two reserve cities of California . . . San Francisco - Los Angeles

"Serves you best in the West"



Blue and Gold BANK of AMERICA TRAVELERS CHEQUES are available through authorized banks and agencies everywhere. Carry them when you travel.

Heard Along MAIN STREET

A BANK man, too old for active military duty, has enlisted his pen and pencil for the duration.

THOMAS J. HAUGH, for nearly 25 years transfer clerk at the Central Hanover Bank & Trust Company, New York City, is drawing cartoons for Army recruiting offices throughout the country. Also, he made a series of Defense Bond cartoon-posters displayed by the bank.

Cartooning has long been Mr. HAUGH's hobby. Years ago he studied it under Thomas Nast, Jr., son of the famous political cartoonist.

"When the Japs attacked Pearl Harbor," Mr. HAUGH told a reporter, "it gave me an idea. I drew some stuff and went down to Army headquarters. The sergeant on duty thought the drawings were pretty good and he let me in to see an officer who thought them good. Now I take him a load every day."

Some of the drawings are posted on the bulletin board in the Army building, New York. Others are sent by the Army to recruiting stations elsewhere for similar display. Some find their way into *Recruiting News*.

Mr. HAUGH is strictly an amateur—he "never made a nickel" out of his talent. Where does he get his ideas? "Think 'em up riding the subway, I guess."

He has a son who's a corporal in the infantry. The young man and a comrade were working a trench mortar one day when somebody took their picture. Later the photograph appeared, in color, on a national magazine cover.

A Haugh Cartoon



SIX HUNDRED citizens of Forsythe County, North Carolina, responded to an invitation extended through the local press by RICHARD G. STOCKTON, chairman of the Forsythe Committee on Reduction of Federal Non-essential Expenditures, to attend a mass meeting in Winston-Salem to discuss this problem. Mr. STOCKTON, vice-president, Wachovia Bank and Trust Company of Winston-Salem, is president of the Trust

Division of the American Bankers Association.

The mass meeting was non-partisan and was addressed by I. G. Greer, superintendent of the Mills Home at Thomasville, who called for economy in personal living as well as in the Government.

A complete list of Congressmen and Senators representing North Carolina was distributed by Chairman STOCKTON,



VICTORY calls for full speed ahead—in the production of materials needed by our armed forces. Our steel mills, factories, shipyards are building the weapons and warcraft for use in the air, on land and sea. From our farms, groves, ranches come ever-increasing quantities of dairy products, vegetables, fruits, meats, cereals, oils—food to sustain the United Nations at war.

Local lending institutions contribute materially to the war effort by helping to finance expanding agricultural

activities. In this process, notes—endorsed by commercial banks, agricultural credit corporations, livestock loan companies, production credit associations, banks for cooperatives—are rediscounted by the Federal intermediate credit banks.

These twelve banks obtain required funds by the sale of their consolidated debentures—thereby enlisting private investment capital, throughout the land, in the common cause.



THE FEDERAL INTERMEDIATE CREDIT BANKS

SPRINGFIELD, MASS.
BALTIMORE, MD.
COLUMBIA, S. C.

LOUISVILLE, KY.
NEW ORLEANS, LA.
ST. LOUIS, MO.

ST. PAUL, MINN.
OMAHA, NEB.
WICHITA, KAN.

HOUSTON, TEX.
BERKELEY, CAL.
SPOKANE, WASH.

Further information regarding the Debentures may be obtained from
CHARLES R. DUNN, Fiscal Agent

31 Nassau Street, New York, N. Y.

as well as the membership of the joint congressional committee on the reduction of non-essential Federal expenditures, headed by Senator Harry F. Byrd of Virginia. Subsequent newspaper reports indicate that the citizens of Forsythe County are thoroughly aroused and are pelting their representatives in Congress with demands for reduced Federal expenditures.

Of the meeting Chairman STOCKTON reports:

"Without any paid publicity, very meagre news stories on account of the war news, and a local speaker, over 600 braved the rain and overflowed a local

hotel ball room into the mezzanine floor. I have never seen such an earnest desire on the people's part really to do something. They are tremendously interested in having the Government stripped for action and in not letting extravagance, waste or unnecessary expenditures impede either winning the war or our future economic welfare."

★

ALLEN L. GILLET is now general agent of the Farm Credit Administration of Springfield, Massachusetts. In this position Mr. GILLET fills a separate office to coordinate the activities and

lending policies of units of the credit administration in the Northeast. Jointly these agencies consist of the Federal Land Bank, the Federal Intermediate Credit Bank, the Springfield Bank for Cooperatives, and the Production Credit Corporation.



To accept his new post, Mr. GILLET resigned as president of the Federal Intermediate Credit Bank of Springfield, an institution with which he had been connected for 12 years. He came to Springfield in April 1930 as manager and vice-president of the bank, and was elected president in 1933. He started his banking career with The National City Bank of New York, and later was a bank examiner in New York State.

BERNARD A. COLBY succeeds Mr. GILLET as president of the credit bank.

★

EMMA M. HALL, assistant cashier, Commerce Trust Company, Kansas City, Missouri, is said to have bought and sold more government bonds than any other woman in America. During the 30 years she has been a banker she has specialized on government issues



and is rightly regarded as an outstanding authority on the subject. There are

BANKING

In The War To Win

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many days when she will buy or sell 10 to 12 million dollars worth.

Miss HALL has a hobby but she is seeking a new one. In her studio at home she has devoted much of her spare time to ceramics and has created many attractive pieces for herself and her friends. She has a keen appreciation of art.

Miss HALL is a director of the Women's Chamber of Commerce.

★

ONE OF THE OLDEST active bank presidents in the country is N. B. SAWYER, president, State Bank of Haven, Haven, Kansas. Mr. SAWYER, at 93, was recently re-elected president of this institution which he has headed since 1896.

Another nonagenarian still active as head of his institution is A. B. SCARBOROUGH, president, First National Bank, Bonham, Texas. Mr. Scarborough's 91st birthday, which he celebrated in December, found him ill and for the first time in his 58 years' connection with the bank he was unable to be at his desk on the anniversary.

★

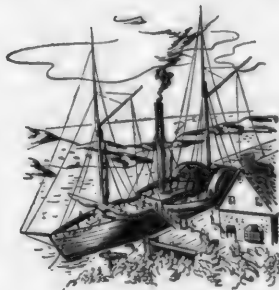
GEORGE W. DILLON, vice-president and secretary, Commerce Trust Company of Kansas City, Missouri, was



known a decade ago as a collector of etchings. But Mr. DILLON is a husky fellow (to see him you wouldn't guess that he had been associated with his bank for 34 years) and collecting etch-

May 1942

"Walk-in-the-Water"



DOCKS AT CLEVELAND... 1818

Cleveland became a Lake Port 124 years ago, on the day Lake Erie's first steamboat, "Walk-in-the-Water," arrived from Buffalo. That day marked the beginning of lake commerce in Cleveland...commerce that was to build one of the world's largest shipping and production centers.

On May 17, 1845... just twenty-seven years after "Walk-in-the-Water" made her famous voyage...The National City Bank opened its doors to do business with Cleveland's growing industrial concerns.

This month, Cleveland's oldest bank is celebrating 97 years of growing with those industries...97 years of service to the community. Our long experience and our credit facilities are at the disposal of the manufacturers in this important area...for their vital war production...for America's great Victory effort!

97 years...and still growing

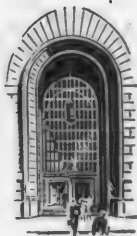
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And when you are in town, don't fail to enjoy the Book's famous four restaurants.

For dinner we recommend the Book Casino; for lunch, the Esquire Room—reserved for men; for cocktails, enjoy the smartest spot in town, the Motor Bar.

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W. J. Chittenden, Jr.,
Resident Mgr.

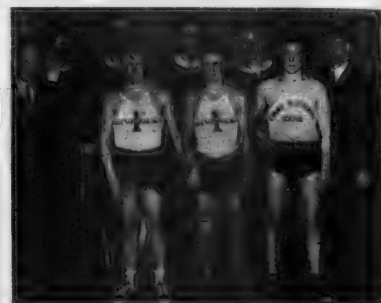
ings, fascinating as it is, did not meet his need of physical recreation.

So Mr. DILLON, who owns and successfully operates two farms, turned to riding horses. In the picture he is shown astride his hunter "Senator Stone" at the beginning of the Saddle and Sirloin Club's Annual 50-mile ride. The "Senator" is one of the three fine hunters owned and ridden by Mr. DILLON.

Mr. DILLON is a member of the Mission Valley Hunt Club. JAMES M. KEMPER, president of the Commerce Trust Company, is master of the hunt.

★

"CHAMPIONS of all we survey," could well be the slogan of the basketball team of The First National Bank of Portland,



Oregon. Winners of 17 out of 23 games this crack team wound up the current season holding the following four titles: City of Portland Bank Champions, Industrial "A" League Champions, Industrial Championship of Portland, Minor City Championship of Portland.

★

ANOTHER bank official to complete a half century of service to banking and to his community is H. H. HERZER, vice-president, secretary, and a director of the San Francisco Bank.

Mr. HERZER was recently honored on the occasion of the 50th anniversary of his entrance into the banking field, receiving special gifts from the board of directors and his associates. When in 1891 he joined the bank as a messenger, the institution had only 15 employees.

Mr. HERZER's bank now has a staff of 400.

★

JOHN C. PERSONS, president on leave of the First National Bank of Birmingham, Alabama, and commander of the 31st Division of the United States Army, is the only active banker in the country with the rank of major general. Major General PERSONS was recently granted an indefinite leave of absence from his institution. At 53 he is one of the youngest major generals in the Army and is a holder of the D.S.C.

BANKING

Have You Heard?

JAMES T. LANE, 34 years old, has been elected chairman of the board of the National Bank of Jacksonville. A local paper referred to him as "probably the youngest bank board chairman in the United States." J. W. Shands, Jacksonville attorney, was made president of the bank.

UNTIL this year WILLIAM H. BEASOM had attended every annual meeting of the Indian Head National Bank, Nashua, New Hampshire, since January 10, 1888. He was unable to attend the 1942 session, so the stockholders sent him their best wishes, their deep regrets at his absence and a bouquet of flowers. A resolution referred to Mr. BEASOM as "our oldest director in point of years of consecutive service and, as a matter of fact, the oldest in point of consecutive years served of any national bank in the nation."

C. ALISON SCULLY, formerly vice-president of The Bank of the Manhattan Company, New York, has been made executive vice-president of the Corn Exchange National Bank and Trust Company, Philadelphia.

WILBUR J. CLARKE, 1940-41 president of Youngstown (Ohio) Chapter, American Institute of Banking, has been elected assistant comptroller of The Dollar Savings and Trust Company of Youngstown. Mr. CLARKE will receive his A.I.B. standard certificate in June.

Five of the principal senior officers of The Dollar Savings and Trust Company of Youngstown are past presidents of Youngstown Chapter. They include CARL W. ULLMAN, president, V. J. GOODRIDGE, A. T. BUTTON and W. E. BALLENTYNE, vice-presidents, and E. P. BEATTY, treasurer.

Dr. GEORGE GALLUP, director of the American Institute of Public Opinion—The Gallup Poll—was recently elected a director of the Princeton (New Jersey) Bank and Trust Company.

WILLIAM G. F. PRICE, assistant vice-president of The National City Bank of New York, has been granted a leave of absence from the bank for service in a

civilian capacity with the Procurement and Materials Division of the United States Navy, and currently he is stationed in Washington.

THOMAS W. MUNROE, vice-president and cashier of the Fidelity Deposit Bank of Derry, Pennsylvania, has been commissioned a major in the Army Finance Department. Major MUNROE has been very active in affairs of The Graduate School of Banking since his graduation in the first class, of which he's secretary.

Another G.S.B. alumnus now wearing Uncle Sam's uniform is First Lieutenant

EDWARD D. WEATHERHEAD, Bankers Trust Company, New York. He's in the Army Air corps.

WILLIAM HARVEY KYLE, manager of the personal loan and finance department of The Cleveland Trust Company, has been commissioned a major in the Army.

Lt. Col. HUGH A. KELLY, vice-president, Bergen Trust Company, Jersey City, has been granted a leave for the duration of the war. He's in the Engineers Corps.



HERE FRIENDLINESS GIVES ADDED VALUE TO A CORRESPONDENT CONNECTION

Each out-of-town bank which selects The Northern Trust Company is shortly aware of two important advantages. First, there is the wealth of up-to-the-minute information on banking and trust matters available here. Second, there is the personnel—friendly, helpful and thoroughly

trained in modern banking methods. From routine check collections to seasoned investment counsel, each correspondent finds here efficient cooperation in meeting his problems. He is assisted in achieving that completeness of service his customers value so highly. Inquiries are invited.

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Automobile Appraisal Guides

HERE is a list of the automobile appraisal guides designated by the Board of Governors of the Federal Reserve System for purposes of Part 3 (b) of the supplement to Regulation W. The compilation includes the name of the guide, its publisher, and the territory for which it is designated.

MARKET ANALYSIS REPORT (Used Car Statistical Bureau, Inc.): Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

AMERICAN AUTO APPRAISAL (Automobile Reference and Appraisal Bureau): Michigan (Southern Peninsula), Ohio.

OFFICIAL WISCONSIN AUTOMOBILE VALUATION GUIDE (National Used Car Market Report, Inc., for Wisconsin Automotive Trades Association): Wisconsin.

NEBRASKA OFFICIAL USED CAR SURVEY (State of Nebraska, Motor Vehicle Dealers Administration): Nebraska.

KELLEY BLUE BOOK (Kelley Kar Company): Arizona, California, Idaho, Nevada, Oregon, Utah, Washington.

THE OFFICIAL GUIDE (Pacific Auto Guide, Inc.): Arizona, California, Idaho, Nevada, Oregon, Utah, Washington.

NORTHWEST USED CAR VALUES (Northwest Publishing Company): Idaho, Oregon, Washington.

OFFICIAL BLUE BOOK NEW AND USED CAR GUIDE (National Used Car Market Report, Inc.): A edition, entire United States *except* Arizona, California, Idaho, Nevada, Oregon, Utah, Washington. B edition, entire United States *except* Arizona, California, Idaho, Nevada, Oregon, Utah and Washington and these counties of Michigan: Genesee, Jackson, Lapeer, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, Wayne.

BLUE BOOK NATIONAL USED CAR MARKET REPORT—executive edition (National Used Car Market Report, Inc.): "Retail sales values" for *Zone No. 1*, Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia; for *Zone No. 2*, Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee; for *Zone No. 3*, Illinois, Indiana, Kentucky, Michigan (Southern Peninsula, *except* these counties: Genesee, Jackson, Lapeer, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, Wayne), Ohio, West Virginia; for *Zone No. 4*, Florida, Iowa, Kansas, Michigan (Northern Peninsula), Missouri, Nebraska, Oklahoma, Wisconsin; for *Zone No. 5*, North Dakota, South Dakota; for *Zone No. 6*, Arizona, California, Idaho, Nevada, Oregon, Utah, Washington.

RED BOOK NATIONAL USED CAR MARKET REPORT (National Used Car Market Report, Inc.): Same as territory designated for Official Blue Book New and Used Car Guide, B Edition.

MARKET RECORD (Market Record, Inc.): *District 1 Edition*, Connecticut, Delaware, District of Columbia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan (*except* the 10 counties for which District 3 Edition is designated), New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia; *District 3 Edition*, following 10 counties in Michigan—



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Getting your "premium's worth" today includes more than making sure of the soundness of the Company, imperative as that is. With prices and difficulties of replacement increasing daily, insurance must keep pace. In every community there is a Home-Town Agent, representing Fireman's Fund, equipped to analyze exposures and recommend coverages. For "mental comfort" as well as protection, make sure your insurance is adequate—enjoy the *right to feel secure*.

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FIREMAN'S FUND INSURANCE COMPANY

HOME FIRE & MARINE Insurance Company

OCCIDENTAL Insurance Company

FIREMAN'S FUND Indemnity Company

OCCIDENTAL Indemnity Company

San FRANCISCO

New York • Chicago • Los Angeles • Boston • Atlanta

DEPENDABLE INSURANCE SINCE 1863

Genesee, Jackson, Lapeer, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, Wayne; *District 5 Edition*, Alabama, Arkansas, Florida, Georgia, Kansas, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas; *District 7 Edition*, Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Wisconsin, Wyoming; *District 9 Edition*, Arizona, California, Idaho, Nevada, Oregon, Utah, Washington.

N.A.D.A. OFFICIAL USED CAR GUIDE (National Automobile Dealers Association): *District B Edition*, Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia (Berkley, Grant, Hampshire, Hardy, Jefferson, Mineral, Morgan, Pendleton counties). *District EF Edition*, Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Tennessee, and Bowie County, Texas. *District G Edition*, Illinois (except southern section for which J Edition is designated), Indiana; Clinton, Dubuque, Jackson, Scott counties in Iowa, Kentucky, Michigan (Southern Peninsula except the 10 counties for which the S.E. Michigan Edition is designated), North Carolina, Ohio, South Carolina, West Virginia (except the 8 counties for which the District B Edition is designated).

S. E. Michigan Edition, Following 10 counties in Michigan: Genesee, Jackson, Lapeer, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, Wayne. *District H Edition*, Michigan (Northern Peninsula), Minnesota (except the 15

counties for which the District K Edition is designated), Wisconsin.

District J Edition, Illinois (Section south of and including following counties: Adams, Cass, Champaign, DeWitt, Logan, Menard, Piatt, Schuyler, Vermilion), Iowa (except the 4 counties for which the District G Edition is designated), Kansas, Missouri, Nebraska (except the 12 counties for which the District K Edition is designated), Oklahoma, Bon Homme, Charles Mix, Clay, Union, Yankton counties in South Dakota, Texas (except Bowie County and the 6 counties for which District K Edition is designated). *District K Edi-*

tion, Colorado; following 15 counties in Minnesota: Big Stone, Clay, Kittson, Lac qui Parle, Lincoln, Marshall, Norman, Pennington, Pipestone, Polk, Red Lake, Rock Traverse, Wilkin, Yellowknife; Montana; following 11 counties in Nebraska: Banner, Box Butte, Cheyenne, Dawes, Deuel, Garden, Kimball, Morrill, Sheridan, Scotts Bluff, Sioux; New Mexico, North Dakota, South Dakota (except the 5 counties for which the District J Edition is designated), Brewster, Culberson, El Paso, Hudspeth, Jeff Davis, Presidio counties in Texas, Utah, Wyoming.

District L Edition, Arizona; following counties in California: Imperial, Inyo,



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BARRANCA	HUARAL	PISCO
CAJAMARCA	HUANUCO	PIURA
CALLAO	HUARAS	PUNO
CAÑETE	ICA	SULLANA
CUZCO	JAUIJA	TACNA
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Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Ventura; Nevada. *District O Edition*, California (except the 11 counties for which the *District L Edition* is designated), Idaho, Oregon, Washington.

After Three I Made My Calls

(CONTINUED FROM PAGE 32)

hundreds of people without their having to wait for the bus or drive their own cars. This is particularly appreciated now since many cannot get tires, and each man driving to Richmond reports to the bank the number of passengers he can carry.

The writer helped to organize a thriving Masonic lodge of some 85 members here. He was the first president of the local Ruritan Club in which he is very active; this club corresponds to Rotary in the city. I was also an organizer of two American Legion posts, treasurer and chairman of the deacon board of the local Baptist church, a teacher in the Sunday school, and young people's work director. In addition to giving me the feeling that I have really been of service to my people, these activities have kept me and my bank constantly before the people. They come to me with all their problems.

JUST now we have allotments from many service men, including officers. We pay their life insurance premiums, rent some of their homes and keep up a constant correspondence with our boys in the service. In the bank I dictate all the mail and pass on all credits with the assistance of a loan committee which meets on call. Our bank now has total assets of about \$1,650,000 with loans of approximately \$1,050,000. Our growth has been steady and consistent. In addition to myself we have three other young men and two girls on the staff, but until the past year we had only four employees.

I am blessed with good health, a lot of energy, a good wife who said some time ago that I was away so much that sometimes she felt she did not have a husband but just a "man boarder." I usually get to my office by 7:30 War Time and am there until 5:30 and frequently at night, unless out of the bank on business. Although I have given much, I feel that I have received much in return and we have the joy of knowing we have really served our friends and our community.

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A KENNEDY SINCLAIRE PROGRAM for MEASURED SERVICE CHARGE revisions will help you solve the problems of greater costs created by the war effort.

Our program absorbs other increased costs, enhances good will, and brings in new revenue.

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Oscar F. Banse, Manager

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North of the Border

Some Notes on Canada's War Effort

SKILLED labor is scarce in Canada and unemployment has shrunk to negligible proportions, but the requirements of war industry and the armed forces continue to expand. At least 300,000 more persons are needed in the next 12 months—100,000 to supplement the 600,000 workers already engaged in producing war supplies and a minimum of 200,000 to augment the men and women in the active fighting services. Some will come from the schools as boys and girls leave to take jobs. Others will be drawn from the reservoir of women not ordinarily in employment. Most, however, will be found in non-essential positions which they will have to abandon in favor of war work. In many cases, this will mean that some exclusively peacetime businesses will have to suspend operations for the duration.

MANPOWER must be fully and efficiently mobilized and conversion of the country's economy to a total war basis accelerated. To accomplish this end the Government has introduced a national selective service program. In the words of the director of the service, E. M. Little, "the whole purpose of the scheme is to give each Canadian the job he or she can do best in this war." The cooperation of all will be solicited, but where this is withheld a measure of compulsion may have to be applied.

IMPORTANT features of the scheme are:

- (1) Registration and classification of all employees by employers.
- (2) Establishment of "restricted" occupations in which physically fit men between 17 and 45 years cannot accept jobs without special permission.
- (3) Provision for compulsory release by employers of employees entering essential industry and for their subsequent reinstatement in former positions.
- (4) A campaign to get more women into industry and commerce to release men for vital war work.
- (5) Exemption from compulsory military training for essential farm workers and prohibition against farm workers quitting jobs for non-essential employment.

The program of diverting manpower not absorbed in the armed forces into war production is contingent upon the availability of plant, equipment and

raw materials. The Government has this problem well in hand. Anticipating the need for skilled workers, a war emergency training program was commenced in April 1940. During the first 21 months of the scheme, more than 82,700 persons were trained for war work in 100 centers throughout the country. About two-thirds were qualified for employment in industry and one-third for technical posts in the Army, Navy and Air

Force. More than 15,000 are undergoing instruction at the present time; tuition is free and subsistence allowances are paid to trainees. Any war industry wishing to carry on a plant school may apply to the supervisor of the scheme and suitable arrangements will be made if at all possible. Trainees may be nominated by an industry and drawn from outside sources or present employees.

A CANADIAN CORRESPONDENT



Statement of Condition

At the Close of Business
April 4, 1942

ASSETS

Cash on Hand and Due from Banks	\$83,504,895.88
United States Securities Owned	32,072,716.86
Stock in Federal Reserve Bank	330,000.00
Other Stocks and Bonds	3,810,384.40
Loans and Discounts	57,795,907.65
Furniture and Fixtures	257,264.41
Banking House	2,225,000.00
Other Real Estate	693,022.58
	<hr/>
	\$180,689,191.78

LIABILITIES

Capital Stock	\$5,000,000.00
Surplus Fund	6,000,000.00
Undivided Profits, Net	4,396,091.80
Reserved for Taxes, Etc.	273,213.78

Deposits

Individual	\$106,302,152.01
Banks and Bankers	50,549,366.73
U. S. Government	8,168,367.46
	<hr/>
	165,019,886.20
	<hr/>
	\$180,689,191.78

FIRST NATIONAL BANK
in DALLAS MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Cutting Credit Corners

(CONTINUED FROM PAGE 21)

and Governors Draper and McKee. Kenton R. Cravens, assisted by Gardner L. Boothe, II, head up the Board's administrative work on this matter in Washington. The 12 Federal Reserve banks will use their entire facilities in fulfilling their part of the program.

Mr. Cravens, who is well-known to readers of *BANKING*, was a vice-president of the Cleveland Trust Company. He was on temporary duty at the Federal Reserve Board last year, when Regulation W was launched. He has been an outspoken advocate of increased

use of small manufacturers and greater emphasis on private banking. Mr. Boothe, of the Board's staff, has been assigned to defense-financing matters at the Board since early 1940, when he worked with Donald Nelson in the latter's capacity as Director of Small Business Activities.

The procedure under Regulation V has been outlined by the Board, in the case of War Department financing, as follows:

To assist in carrying out the provisions of the President's Executive Order and to aid in

decentralizing operations under it as fully as possible, the War Department plans to have a liaison officer stationed at each Federal Reserve bank. Generally speaking, the liaison officer will certify to the Reserve bank that an applicant for financing is qualified from the technical or production standpoint to carry out a contract, subcontract or order for war supplies or equipment.

It is expected that any applicant will first take up his credit needs with his commercial bank or other financing institution. When the necessary credit cannot be arranged by the financing institution without the assistance of the War Department, the financing institution will apply to the Federal Reserve bank for a guaranty of a part or all of the proposed financing. After certification by the liaison officer, it will be the Reserve bank's function to analyze the financial aspects of the application, including the integrity of the management, and determine the type of financing best suited to meet the situation.

Under the initial instructions of the War Department, and upon appointment of liaison officers, guaranties or loans up to a prescribed maximum to be determined by the War Department [\$100,000] will be made at the Federal Reserve bank without reference to Washington.

The procedure outlined above is in general applicable to Navy and Maritime Commission contracts, as well. Those two agencies are not expected to have representatives in all 12 Federal Reserve districts for the purposes of the Executive Order, but only where their business is sufficient to make such representatives necessary.

Conditions of Loans and Guaranties

THE new system is not confined to the financing of production, but will be used also in "the obtaining or conversion of facilities therefor." Funds for plant expansion will be made available or guaranteed, in cases where the contract or subcontract calls for such expansion.

Rates which contractors and subcontractors will be required to pay on loans under the system herein described will be maintained at reasonable levels, but as a matter of protection the Federal Reserve Board has established a ceiling, information on which may be had at any time from any of the Federal Reserve banks.

On a loan on which the borrower pays the commercial bank, for example, 4½ per cent, a portion of the interest received by the commercial bank has to be paid by that bank to the Federal Reserve bank for the account of the Government. For this purpose there has been established a schedule of guaranty fees, which varies according

Guaranty Trust Company of New York

Fifth Ave. at 44th St. 140 Broadway Madison Ave. at 60th St.

London: 11 Birchin Lane, E. C. 3; Bush House, W. C. 2

Condensed Statement of Condition, March 31, 1942

RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 847,671,415.75
U. S. Government Obligations	1,040,616,951.25
Public Securities	64,954,112.75
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities and Obligations	21,245,983.49
Loans and Bills Purchased	545,411,322.32
Credits Granted on Acceptances	4,502,581.03
Accrued Interest and Accounts Receivable	9,078,104.30
Real Estate Bonds and Mortgages	1,698,490.68
	<u>2,542,978,961.57</u>
Bank Buildings	10,849,016.19
Other Real Estate	1,249,788.87
Total Resources	<u>\$2,555,077,766.63</u>

LIABILITIES

Deposits	\$2,241,371,353.95
Treasurer's Checks Outstanding	15,480,233.98
	<u>\$2,256,851,587.93</u>
Acceptances	\$7,119,082.68
Less: Own Acceptances	
Held for Investment	2,616,501.65
	<u>4,502,581.03</u>
Liability as Endorser on Acceptances and	
Foreign Bills	96,371.00
Foreign Funds Borrowed	152,550.00
Dividend Payable April 1, 1942	2,700,000.00
Items in Transit with Foreign Branches and Net	
Difference in Balances Between Various Offices	
Due to Different Statement Dates of Some	
Foreign Branches	1,276,882.00
Miscellaneous Accounts Payable, Accrued Taxes, etc.	10,026,938.15
	<u>2,275,606,910.11</u>
Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	19,470,856.52
Total Capital Funds	<u>279,470,856.52</u>
Total Liabilities	<u>\$2,555,077,766.63</u>

Securities carried at \$14,948,732.76 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

This Statement includes the resources and liabilities of the English and French Branches as of March 26, 1942, and Belgian Branch as of October 31, 1941.

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Guaranty

THE War Department emphasizes that it is anxious to avoid, insofar as possible, guaranteeing 100 per cent of a loan. It should be noted, however, that, in the event the termination of the war or other unavoidable circumstances leaves a part of a contract canceled, such part of the loan is guaranteed 100 per cent by the Government.

to the percentage of the loan guar-
anteed.

Advance payments to contractors under the "30 percent" rule have been made by the Army free of interest. This practice was changed when an interest rate of $2\frac{1}{2}$ per cent was announced by the Army and Navy.

THE usual security requirements are being followed insofar as they do not interfere with getting the job done quickly, but the emphasis is on expediting production, not on security. All the details are determined between the Federal Reserve banks and the lending institutions.

A War Department memorandum proposed that the Army guarantee a Federal Reserve bank's commitment, participation, or loan on the basis of:

a. A production and price report furnished through the liaison officer established in the Federal Reserve bank who would obtain his information from the various arms and services.

b. An integrity and management report furnished as at present through the Federal Reserve bank.

The following additional paragraph from the Department memorandum is of interest:

It is thought that the above plan will meet any objections that the Federal Loan Administrator has to the setting up of an independent agency to finance industry and at the same time will receive the fullest sort of cooperation from the Federal Reserve banks. This will avoid great administrative difficulties inherent in any plan by which the Army would make direct advances to subcontractors; avoid the tremendous problem that such a plan would entail and decentralize to the maximum extent possible the problem of financing some 40 to 50 thousand subcontractors engaged in the war effort.

UNDER Secretary of War Patterson addressed to all Federal Reserve banks an eight-page letter of instructions authorizing them to act for the War Department pursuant to Executive Order 9112.

The instructions described in detail the rules governing operation of the new credit system.

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(ILLINOIS)

On March 6 a dividend of \$1.50 per share on the issued and outstanding \$6.00 Cumulative Convertible Prior Preferred shares of the above corporation was declared by the Board of Directors, payable on April 1, 1942, to shareholders of record on the books of the Company at the close of business on March 16, 1942.

E. L. LALUMIER, Secretary

DIVIDEND

ARMOUR AND COMPANY
OF DELAWARE

On March 6 a quarterly dividend of one and three-fourths per cent ($1\frac{3}{4}\%$) per share on the Preferred Capital Stock of the above corporation was declared by the Board of Directors, payable April 1, 1942, to stockholders of record on the books of the Company at the close of business March 16, 1942.

E. L. LALUMIER, Secretary

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A-522 Board of Trade Building • J. H. Albershardt, Director



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Write us for further data on war contracts or additional factory floor space. We'll send you also our 20-page illustrated data booklet giving full details of Indiana's many industrial and living advantages. All inquiries confidential.

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Eyes Front!

(CONTINUED FROM PAGE 29)

time of peace? The whole spirit of the two tragic decades which followed world war number one, was one of restriction, regulation, control, super-government. The spirit of the post-war world should be one of release: Releasing the vast energies of the common man; creation of mass buying power through work rather than bounty; the courageous extension of credit to men and nations for the reconstruction period. All this may sound both flowery and general but it stands up clearly against this fact: Post-war planning is going to be done on a large scale. It will be done either by the dreamers, the reformers and the inexperienced, or by men who know the immense difficulties involved in the production and conservation of wealth. Since there is to be post-war planning, the question for us is—will banking have a part in it or not? If it does not, its services are certain to be discounted and its social values belittled.

THE war will be a negative as well as a positive teacher. The necessarily arbitrary and autocratic nature of war governments will not cause them to be loved. The waste and extravagance of war will not increase the respect for government. The increasing burden of bureaucracy is not likely to breed anything but contempt.

The post-war citizen will be strengthened by sacrifice; be made cost-conscious by his tax contributions; critical of prodigality, because his savings are invested in the State. He is not likely to be wholly confused by propaganda or drugged by bounties. He will more probably support a program of solvency rather than another flight of reckless spending. But he is certain to reject a régime of monopoly, gross privilege, or plutocracy. Given a creative opportunity and the fruits of his efforts, he will support political and economic democracy to a man.

Who is to plan his world and who will be his partner in the reconstruction period? Planning is the order of the day and it is of the utmost importance that the social architecture be in the hands of experienced men who are capable of a social point of view.

The blueprint for post-war banking will not be drawn on horseback. It is high time that banking enter the drafting room with skill, adaptability, courage and goodwill, lest men of less ability and understanding preempt the opportunity.

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Many bankers have found dictating machines to pay for themselves over and over again by saving valuable time. This four-page folder tells how one bank increased the efficiency of eight secretaries by 33 1/3 per cent—and how another bank is receiving an annual return of about 75 per cent on its investment in dictating equipment. You should find these money-saving suggestions of much interest.

THE OVER-THE-COUNTER SECURITIES MARKET

This 192-page book will be sent free of charge to readers who ask for it because of special arrangements we have been able to make with the publisher. The book tells what the Over-the-Counter Securities Market is and how it operates. It examines the scope of market operations both in the trading of outstanding securities (listed as well as unlisted) and in the primary distribution of corporation and municipal securities. Liberally documented with notes and references, it explains the process of secondary distribution by actual example, and describes the function of the dealer, the typical organization of a broker-dealer house, the trading method of the market and processes of clearing transactions that take place in it. Investment and trust officers should find this book highly useful.

BOOKLETS Still At Your Service

ELECTRICAL EQUIPMENT FOR HOME AND FARM

In extending agricultural credit, this 68-page catalogue should prove helpful in appraising values of electrical appliances for home and farm. Well illustrated, it gives prices for the complete line sold by a leading manufacturer. Though stocks of some items may soon run out, others such as essential farm equipment will continue to be available.

LIGHT CONDITIONING FOR BETTER SEEING

This 8-page booklet, published by a 40-year old company specializing in lighting problems, shows before-and-after illustrations of how banks have benefited by light-conditioning their quarters. And it tells how a survey of your requirements for better light may be had at no cost or obligation.

WARTIME ADVERTISING

Bankers who are called upon to approve advertising expenditures in business papers by companies in which they have an interest will find this "Guide to Effective War-Time Advertising" particularly helpful. The guide shows how advertisers in the trade press are aiding America's war effort by helping solve some of the war-borne problems harassing their customers.

44 WAYS TO PROTECT BANK ACCOUNTS

This 16-page, smartly illustrated and exceptionally well written booklet on disbursement methods—their use and misuse—analyzes 44 ways bank customers can employ to safeguard their funds by following a modern disbursement system. Various control practices are scrutinized, such as those over check purchases, inventory and preparation, reconciliation, insurance, accounts payable procedure, payroll procedure, dividend disbursement, and so on. The booklet should help you help some of your customers.

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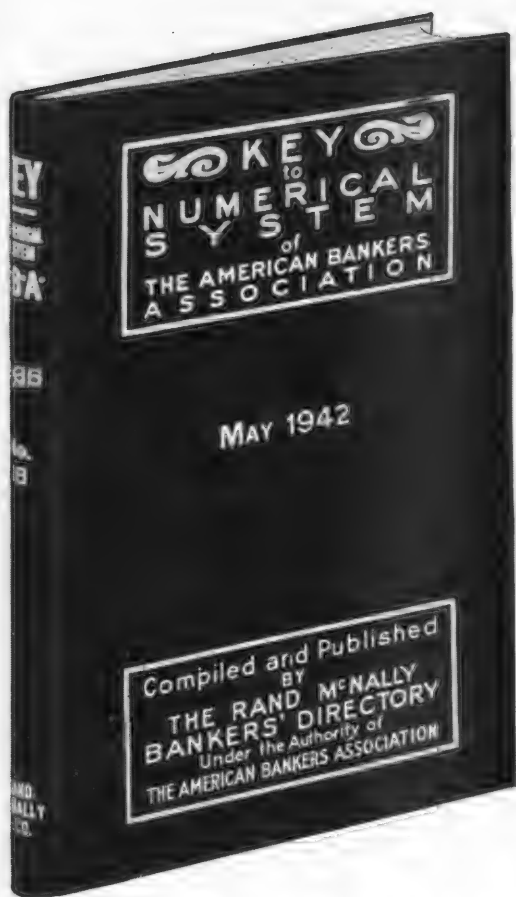
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PUBLISHERS TO AMERICAN BANKS SINCE 1872

All Hands on Deck

This Means Everybody

GENERAL Lewis B. Hershey, national director of Selective Service, speaking before the annual banquet of the Philadelphia Chapter of the American Institute of Banking (picture on page 89), suggested a prescription for victory consisting simply of "Work or Fight." He predicted that before this calendar year ended there would be a war job for every man, woman and older child in the country physically capable of performing one. He said that the total of 5,000,000 persons now directly employed on war production would have to be tripled and the 2,000,000 men now in the armed services would have to be increased another 2,000,000. In order to accomplish this, he said, 2,000,000 new workers would be needed and consequently even housewives and older children would have to be put to work.

General Hershey has stated on previous occasions that an army of 10,000,000 and war workers numbering 20 to 25 millions were possibilities to keep in mind.

Without becoming involved in any statistical discussion of the demand and supply of manpower, we do not need any more proof than already exists that civilian business is going to find itself in a tight spot in the matter of personnel.

A Powerful Magnet

THERE ARE three governmental activities that are drawing men and women by the millions away from their normal civilian occupations.

First are combat services into which are being pulled an increasing number of men, and women too, if we include the clerical and auxiliary branches of the service.

Second are the various governmental and administrative agencies which have already increased their personnel by well over a million men and women.

Third are the war industries, including all types of industrial activity directly linked to the war effort. It has been estimated that before this year is out more than half of the industrial output of the country will be in a war category. Because of the higher pay, and in many cases more attractive working conditions and hours, the pulling power of these new industries is tremendous and the drain on all non-defense activities has become serious.

On the One Hand, Organized

ALL OF these war activities are organized on a nationwide basis for the purpose of getting the personnel that they need. This is not true so much of the combat services because they rely on the draft for the major part of their manpower. The other two categories, however, are set up with functioning organizations extending all over the country to find and hire people by the hundreds of thousands.

On the Other, Not

IN CONTRAST, all the other myriad business groups and activities of the country are not organized in any such way to maintain or replenish their manpower.

The Government and the war industries, considered as one group, have two great advantages over the banks or any other civilian business in hiring people. First, they have the fundamental patriotic appeal of an activity that is directly and satisfyingly related to the successful prosecution of the war. Secondly, there is the money angle. The pay that can be offered even to inexperienced beginners is usually quite a bit above the amount banks and other civilian businesses can pay.

It is utterly impossible for the banks to meet this competition on a dollar basis. They would have to increase their charges for all kinds of services, a step that might prove difficult at a time when these services have to be curtailed because of a lack of manpower or machines or for various other reasons. However, with all other businesses finding it necessary to augment their revenue by increasing charges, the time may not be far off when banks also will have to take similar action.

There is one ace that banks hold against the day when the country is definitely on the home stretch toward victory and that is the promise of a permanent career. Right now this argument is out of order if it means persuading anyone against entering war work. Yet it's a fact that the war will end and banks certainly can offer employees a real future.

Here are a few things that banks might do:

1. Extend the hours of work and raise pay accordingly. If you cannot get others to come in and work it is absolutely essential that present workers increase their time and get more money.
2. Cut down on some services and conveniences to the public. There might be a reduction in some of the speed with which transactions are carried through. The banking public must sacrifice some of the things which they have always been accustomed to.
3. See how many present bank employees know someone who might come in as a temporary employee.
4. Hire on a part-time basis some older high school students to do some kinds of work. It might be necessary to switch some of the bank service load to a later period in the day so as to permit high schoolers and young men and women of that age to come in late in the afternoon and work until possibly seven o'clock.

Essential

BANKING is essential to the war effort, but bankers must remember that this war is a fight to the finish and every occupation must bear its full share of the national burden. A good rule would be not to seek deferment from military service for any employee unless his work is directly and unquestionably vital to the war effort.

WILLIAM R. KUHN



The Hunterdon County National Bank, Flemington, N. J., promotes Food-for-Freedom with this display

INDICATING the enthusiastic manner in which bankers are receiving the manual of the A.B.A. Agricultural Commission, "How Banks Can Assist in the Food-for-Freedom Program," the Food-for-Freedom Committee members had the following to report concerning the progress of the program in their territories.

As Far as Humanly Possible

THE bankers of the Southeast have swung into action on the Food-for-Freedom program. Each state is stressing banker-farmer cooperation. Some of them were definitely ahead of us with respect to assisting in the Food-for-Freedom program. All are adopting the American Bankers Association manual as the approved method of procedure. As far as humanly possible the suggested plan of operation is being followed. Throughout many of these southern states some fine agricultural work has been underway for several years, and we are now able to build on that foundation with assurance of rapid progress.

County agents, agricultural teachers, various Federal organizations and all other branches of activity which are designed to give aid and encouragement to agriculture, are joining hands with the country banks in striving to make Food-for-Freedom the biggest accomplishment of the year.—C. W. BAILEY, chairman of the Food-for-Freedom Committee, and representing Alabama, Florida, Georgia, Louisiana, Mississippi and Tennessee

Let's Go!

THE Food-for-Freedom program has already been organized in every New England state except Rhode Island. Enthusiastic reception of the Association's manual by bankers and educators assures the success of the movement. In one state, six days after his appointment as a county key banker, one man reported contact with every bank in his county as well as the county agent and said:

Incidentally, I made one \$500 loan to a farmer yesterday, also one for \$275. Both of these applications, I feel, came as a result of newspaper publicity on this program.

The dean of one of the state agricultural colleges said he had read the manual from cover to cover and con-

Food-for-

FOOD's relation to fighting efficiency was stressed by Lieutenant-Colonel Paul P. Logan, assistant chief, Subsistence Branch, Office of the Quartermaster General, in a recent address.

"Not only must the quantity of food be adequate for men who are under the strain of war," he said, "but the variety must provide all the components of a properly balanced diet.

"The average civilian not engaged in hard physical labor consumes 3,000 to 3,500 calories of food daily. In normal garrison life a soldier consumes 4,200. Under combat conditions his needs are over 5,000.

sidered it one of the finest and most constructive works along agricultural credit lines that he had ever seen.

In the New England states we are trying to have each key banker personally contact every bank in his county. Already a changing atmosphere, indicating more friendly relations between bankers and farmers, is in evidence. The county agents of the extension service are very willing to cooperate and closer contact between county key bankers and the agricultural agents is singularly helpful to the program.

Let's go!—ELFORD H. MORISON, representing New England

Enthusiastic Reception

STATE meetings have already been held in New York and New Jersey of all county key bankers and an excellent and enthusiastic reaction has already been obtained throughout these two states.

The state extension service and the college of agriculture have been represented on the speakers' platform at both meetings and have given an extraordinary and thought-provoking analysis of the agricultural situation in the respective states. The principles set forth in the manual are certainly pleasing to the agents of the extension service as they have long urged farmers to buy credit where credit is sold, rather than to buy it from dealers. Therefore, they are particularly willing to cooperate on this program and are glad to see that bankers are engaged in this field.

Key bankers have returned home and are aggressively setting about holding meetings in their respective counties as set forth in the manual. Meetings are being held in various counties continually and various areas are adopting different means of informing the farmers of the banks' willingness to advance credit on sound agricultural projects. Some localities are using special publications of local newspapers as well as advertising in the paper. Still others are using direct mail advertising, to say nothing of posters and displays in the public lobbies. Articles are to appear in the various farm trade magazines, informing farmers that they should apply to the banks for credit.—WILLIAM J. KINNAMON, representing New Jersey and New York

Freedom

"In the zone of action, the fighting man is under continuous nervous strain—an energy consuming strain. He has to resist the elements of cold and heat, and sleep under adverse conditions. This consumes energy. He has to march in mud and dust, crawl through brush, spring from the ground and run at top speed, carry heavy loads of weapons and ammunition. He must exercise sufficient physical control to carefully aim and fire his weapon; and finally when he reaches the enemy he must engage in personal physical combat with the understanding that the loser will probably be dead or wounded at the fight's end."



Food for fighters—American soldiers in Ireland

An Inflation Preventive

THE meeting of the key bankers of the Ohio Bankers Association was held in the Neil House at Columbus, on March 26. Two hundred bankers of the Ohio association gathered and were very enthusiastic about the Food-for-Freedom program. The bankers favored naming an officer or staff member as the agricultural loan representative. A suggestion of Amherst Spitzer, cashier of the Savings Deposit Bank Company of Medina, Ohio, recommending the formation of these loan officers into an executive committee to meet and discuss farm loan requirements was well received.

The keynote of this meeting revolved itself around the fact that this was a program of short-term credit. It does not involve farm expansion but a program to see what can be done to keep down farm expenses, land prices and prevent inflation.

At the present time plans are rapidly taking form for the key bankers and their guests of the Michigan Bankers Association. Considerable interest is being shown in this meeting and, though this meeting is being held considerably later than some of the state meetings, Michigan is showing its determination to be one of the leaders in the Food-for-Freedom program.—PAUL M. JONES, representing *Michigan and Ohio*

Groundwork

THE Food-for-Freedom program in Virginia was initiated with a meeting in Richmond, on February 23, when the agricultural committee and officers of the Virginia Bankers Association met with representatives from the agricultural college and planned a one-day credit school, later held on March 18 at Roanoke. The agricultural committee, officers of the state association and all county key bankers were asked to attend as were the director of extension and heads of several other departments from the agricultural college. More than 100 attended this meeting, including the chairman of the USDA State War Board and representatives of other lending agencies. High praise was accorded the A.B.A. manual and this meeting laid the groundwork for the active cooperation of Virginia bankers.

On March 24 a meeting held at Morgantown, West Virginia, was attended by representatives of the agricultural committee for that state, officers of the association and representatives of the college.

The secretary of the North Carolina Bankers Association reports that its committee has had several meetings during recent months with the dean and other representatives of the agricultural college looking toward the cooperation of bankers in the program.

On April 9 a state meeting was held in Baltimore, Maryland. Dean T. B. Symons, the State Boys Club leader and the assistant county agent leader of the college of agriculture discussed with the officers and members of the Maryland Bankers Association's committee on agriculture the avenues of cooperation open to bankers in the Food-for-Freedom program.—C. T. O'NEILL, representing *Maryland, North Carolina, South Carolina, Virginia, West Virginia, District of Columbia*

A Serious Challenge

THE program of the American Bankers Association fits in with the work being done by the Illinois, Indiana, Iowa and Wisconsin bankers associations. The bankers are awake to the situation and are working with their farmer customers and agricultural leaders.

In Iowa a meeting was held at Ames in February to consider these problems. The state association has kept the bankers posted not only as to what is being done by the Defense Council and by the other agricultural agencies, but also as to any action being taken by the farmers themselves through their own farm "cooperators."

The Illinois association has been sending bulletins to bankers and has also prepared and distributed to its membership a detailed record of the agricultural production quotas for each county.

Wisconsin bankers have been attending country schoolhouse meetings with farmers since last Fall. Wisconsin farmers are already producing their quotas.

Indiana bankers are holding an agricultural credit school this month at the Indiana College of Agriculture.

This all fits in and complements the work of the American Bankers Association in its nationwide program. The need of our country for agriculture's contribution is so

vital and the function of our country banks in furnishing and providing able administration for the proper type of credit so important, that bankers must accept this as a serious challenge, calling for plain hard work and unselfish cooperation. Regardless of how good a job one is doing, there is always an opportunity of further improvement. Our very resolution to maintain sound banking makes this effort and knowledge necessary. We must do our job better than ever.—K. J. McDONALD, representing *Illinois, Indiana, Iowa and Wisconsin*

Over 300 Attend

THE bankers of Arkansas, Kentucky and Missouri have enthusiastically accepted the American Bankers Association's manual "How Banks Can Assist in the Food-for-Freedom Program" as a workable plan. In every county the program has been presented to the key bankers or county bankers organization by the states' respective associations, with the request that county meetings be held as soon as possible.

Arkansas held its state meeting on March 20; county meetings were held in practically every county on April 3. Reports of successful meetings are coming in from all over the state.

The Kentucky Bankers Association called a meeting of key bankers and county agents which met in Louisville on April 9. There were more than 300 in attendance at this wonderful meeting. All expressed themselves as being grateful to the American Bankers Association for giving the banks of the nation an opportunity to serve

in the war effort through cooperation with their farmer customers in the Food-for-Freedom program.

The Missouri Bankers Association is using its county banker organizations to carry the program into every section of the state and we are confident that this procedure will prove successful in organizing each county.

The program received the endorsement of the USDA War Boards, colleges of agriculture and all government agencies at state meetings held in Kentucky and Arkansas. Both city and county newspapers have given liberally of their space in advertising meetings to be held and reporting action taken.

The American Bankers Association has done a real service for the banks in providing the manual as a means of thoroughly informing its membership of their opportunities under the program. The banks are all accepting their responsibilities and have expressed their willingness to cooperate in this very vital war effort.—W. W. CAMPBELL, representing *Arkansas, Kentucky and Missouri*

"All Out" Support

THE bankers of the "Northwest Wealth-Belt" comprising Montana, North and South Dakota and Minnesota, have held their state meetings on the Food-for-Freedom program.

State bankers association officers, members of their agricultural committees, representatives of the agricultural colleges and extension services, the chairmen of the state war boards and other interested bankers and agricultural minded organizations have been in attendance at these meetings.

The states have been divided into districts with a member of the agricultural committee in charge of each district. This member of the committee is responsible for seeing that the key bankers, located in each county, contact the banks of that county, explain the Food-for-Freedom program, and then call a countywide meeting of all banks and agricultural organizations to discuss all matters pertaining to financing increased food production in conformity with the Food-for-Freedom campaign.

Without exception the bankers contacted in these state meetings, together with the Association officers, their agricultural committees, key bankers and others have pledged themselves to "all out" support of the program of Food-for-Freedom. It will be done!—R. M. DEPUY, representing *Minnesota, Montana, North Dakota and South Dakota*

Members of the American Bankers Association's Food-for-Freedom Committee are pictured on these pages

F. S. Hurd



W. J. Kinnamon



C. T. O'Neill



P. M. Jones



C. W. Bailey



E. H. Morison



Yours for Victory

Kansas bankers got right into the harness and are carrying the Food-for-Freedom program through on time. Food-for-Freedom meeting dates were set for every county and are being held on schedule with county key bankers in attendance.

From Wyoming Secretary Snyder writes: "There is no doubt that bankers must inform themselves fully about this program, finance it as far as possible and arrange for financing which they themselves cannot undertake."

Nebraska is already carrying the ball to every group in the state. The Nebraska Association secretary says: "Nebraska bankers will not be found wanting in this matter. Yours for Victory, Hughes, Secretary."

Colorado bankers lost no time in getting their program started. They held a splendid meeting at Denver March 19, going over the program at great length. They say: "You can count on us 100 per cent."

Oklahoma bankers made arrangements for a bank representative to be present at all agricultural meetings. Advertising of local color will be used, with the press and broadcasting stations participating.—F. S. HURD, representing *Colorado, Kansas, Nebraska, Oklahoma and Wyoming*

Agricultural College Commends

A STATE meeting at Albuquerque, on March 21, was attended by officers of the New Mexico bankers association, the agricultural committee, key bankers, member of the A.B.A. Food-for-Freedom Committee, officials of the agricultural college, the chairman of the USDA War Board, Farm Planning Board, AAA, and others. The A.B.A. manual was explained and resolutions passed pledging the full cooperation of New Mexico bankers. The association has issued a bulletin urging member banks to immediately inaugurate the program and to widely publicize their activities.

The Texas Bankers Association meeting at College Station was attended by officers of the association, the agricultural committee, member of the A.B.A. Food-for-Freedom Committee, officials and 16 department heads of the agricultural college, the chairman of the USDA War Board, Farm Planning Board, AAA and others. The A.B.A. manual was explained by the A.B.A. committeeman. The president of the Texas Bankers Association and the committee on agriculture pledges the banks of Texas to full cooperation. Key bankers were to hold meetings on or before April 20 to put the program in

motion and plans were made for countywide publicity. The Texas Bankers Association and the A.B.A. were highly commended by the Agricultural & Mechanical College officials and others for the wonderful support banks of the nation are giving to the Food-for-Freedom program and the college offered its cooperation.—E. L. BOSTON, representing *New Mexico and Texas*

A Valuable Stimulus

WE are glad to report that bankers in the Far West have been participating in state, county, and regional discussions of the Food-for-Freedom program in recent weeks. Some of these discussions preceded the formal program which has been presented by the American Bankers Association. The A.B.A.'s Food-for-Freedom manual has served as a valuable stimulus to more widespread interest in the program on the part of all bankers. Farmers of the Far West are finding it possible to obtain the necessary credits for handling their 1942 production programs. Commercial banks are increasing their volume of farm loans. Improvement in farm prices and farm income have greatly enhanced the credit status of most groups of farmers. Bankers and farmers alike are endeavoring to handle current production problems and credit needs without becoming involved in long term commitments of the type which proved so disastrous to both groups after World War I.

The Food-for-Freedom program has enlisted great interest on the part of bankers in helping to maintain food production in the West Coast's "alien evacuated" areas, through location of new operators and provision of the necessary credits.—JESSE W. TAPP, representing *Arizona, California, Idaho, Nevada, Oregon, Utah and Washington*

R. M. DePuy



J. C. Truxal



W. W. Campbell



K. J. McDonald



E. L. Boston



J. W. Tapp



War Production Credit

SEVERAL hundred bankers from a dozen states in the Middle West participated in the credit clinic held at the Stevens Hotel, Chicago, April 15-17, under auspices of the American Bankers Association and the general chairmanship of President Henry W. Koenke.

Credit for war production was the general theme of the meetings. Agricultural, consumer and commercial credit were the main subdivisions of the agenda. Some of the clinic participants and speakers are pictured on these pages, with excerpts from a few speeches.



President
Koenke
speaks

Right, this huge display in The Stevens lobby, sounded the clinic keynote. President Koenke is quoted across the bottom of the sign: "American banking has shouldered arms"

C. W. Bailey, chairman, A.B.A. Food-for-Freedom Committee and president, First National Bank, Clarksville, Tennessee, below, speaking on "How Banks Can Assist in the Food-for-Freedom Program." On the speakers' dais, left to right, A.B.A. Second Vice-president A. L. M. Wiggins, President Koenke, Chicago Credit Clinic Chairman Frank L. King, Mr. Bailey, and A.B.A. Executive Manager Harold Stonier



"In the Army Now"

THE mechanism is being set up to supplement the existing credit machinery to provide the necessary protection for lenders. Let us make use of it.

Whether we are in uniform or not, we are all "in the Army now." Our only business is the nation's business. Our work is that of winning the war. Our job is to gear our institutions to war conditions and make them serve the country's needs effectively.—President KOENEKE



Dr. E. C. Young, professor of Farm Management and Rural Economics, College of Agriculture, Purdue University, below, speaking on "Agricultural Goals and the Food-for-Freedom Program"



JAY ABBOTT PHOTOS
BANKING

An Early Volunteer

FROM the beginning the chartered banking system has been out in front in the war effort. It did not wait to be drafted. It was an early volunteer for the duration of the war. It was standing in the front lines, fully armed and ready for the financing needs of war production. Through alert, aggressive and timely action, chartered banking has said to the nation: "We are willing, ready and able to serve the financing needs of the war: We are willing, ready and able to serve the financing not only of agriculture, commerce and industry, but of government itself." — Second Vice-president WIGGINS

Right, Chicago clinic audience



Above, R. N. Downie, Garden City, Kansas, chairman of a Food-for-Freedom session

War Loan Program

THIS whole program resolves itself into a simple formula: Superimpose wartime protection on peacetime credit facilities and immediately the resources of America's banks are mobilized for the all-out prosecution of the war. — KENTON R. CRAVENS, Administrator, Regulation V, and chairman, A.B.A. Consumer Credit Council



Above, Economist Paul Cadman and Membership Chairman Dunlap C. Clark; below, Mr. Cravens

J. K. Noll, Cedar Rapids, Iowa, left, and S. J. Linck, Ravenna, Michigan





President and Mrs. Koenke

Each of Us

*T*HERE must be a universal realization that the maximum effort and participation of each of the 130,000,000 of us is essential to the preservation of our lives, our homes, and our country. There is no doubt that bankers will achieve this realization a step ahead of most of us. The danger is that even you will realize it too slowly and too late, and even when you will awake you may not do your very important part to arouse the rest of us.—C. B. UPHAM, Deputy Comptroller of the Currency



Kenneth J. McDonald, Estherville, Iowa, a Food-for-Freedom speaker

The Stakes

*T*HE Axis and Allied nations alike have set the stage for a credit inflation which could top all others in discounting the future. The financial gamble is more than mere victory. It is the ability to organize the post-war world on a solvent basis.—Dr. PAUL F. CADMAN, Economist, American Bankers Association



F. L. King, chairman, clinic committee

Below, left to right, R. H. Stout, president, Morris Plan Bankers Association; John Burgess, Minneapolis; Attorney L. K. Twinem, New York

Credit

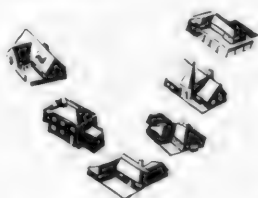
*M*AY we not be bold enough to forecast that the over-all volume of bank credits, excluding credits evidenced by the purchase of government and municipal obligations, will hold to at least present levels and probably increase in dollar amounts—recognizing, of course, that any increase will fall far behind in relation to deposit increases.—HAROLD V. AMBERG, Vice-president, First National Bank of Chicago.

*W*E have a surplus of the product in which we deal and some of our former customers no longer need it. It behooves us to get out into the country and find a market. It is better to stir up four prospects and loan to the best two of them than to sit in the bank and be practically forced to lend to any one who straggles in.—W. L. HART, Ohio Superintendent of Banks



ORGANIZATIONS AFIELD

JOHN J. McCANN, reports on activities of bankers' organizations.



War Housing

REPORTS FOR THE first priority period (September 1, 1941 to March 1, 1942) showed that the New York State savings banks financed more than one-third of the total state

defense housing units. Anticipating that new allocations will require a much greater percentage of rental units in order to qualify for the necessary priorities, the banks have pooled \$500,000 capital for the creation of wholly-owned building companies. The first of these—Freeholders, Inc.—was organized a short time ago. It has been operating closely with individual banks and is understood to have acquired a tract for 50 houses in one up-state city and to be negotiating for land in at least five other war production centers.

Quiz

THE OHIO BANKERS ASSOCIATION recently suggested a state-wide employee current events test quiz on banking topics. A list of 20 questions and answers, with supplementary comments, was sent to each member bank. The plan proposed a brief meeting of every bank staff at which each officer and employee would check the questions—either Yes or No—within a time limit of 15 minutes. Papers were to be submitted to the presiding officer unsigned. Correct answers were then to be read, followed by a general educational discussion. The idea, sponsored by the public relations committee, was to impress bank personnel with the importance of knowing their bank and its functions as well as their daily jobs.



Wanted

NOW THAT PRIORITIES and shortages are limiting essential bank equipment, MICHIGAN BANKERS ASSOCIATION devotes bulletin space to want ads and for sale notices. This practice has been carried on by most state associations as a membership accommodation. The current view, however, is that it will soon become an important monthly bulletin feature of every group. Used machines, safe deposit boxes and other equipment will find a ready market.

Endorsement

THE IOWA BANKERS ASSOCIATION and 146 member banks, representing 118 Iowa cities and towns, co-

sponsored a full-page advertisement of "The Banker in Wartime" message in the Des Moines *Sunday Register* last month. This endorsement of the A.B.A. Economic Policy Commission's text reached a state-wide audience.

Hours and Holidays

FOR MANY YEARS there has been good-natured criticism of the banks by the public for the number of holidays observed and for the short open hours. Finding current criticism not quite so good-natured, the bank management and research committee of the VIRGINIA BANKERS ASSOCIATION recently studied the situation and issued a formal report to the membership. As a result of the findings, the executive council recommended that the membership take the lead in curtailing banking holidays to a maximum of six: New Year's Day, Memorial Day, July 4, Labor Day, Thanksgiving and Christmas. For most institutions this meant dropping seven national and state holidays out of the calendar. Two regional clearinghouse groups announced immediate conformance, while others signified endorsement. State-wide adoption is expected shortly.



Evacuation

THE CALIFORNIA BANKERS ASSOCIATION and member banks played an important role last month in the evacuation of Japanese engaged in West Coast agriculture. Field agents supervising the sale, lease, or other disposition of Jap-held property received the full cooperation of all banks in extending credit to new tenants and owners. The program is being carried out so that production of vital farm goods is not curtailed either from want of new operators or available credit. The Wartime Farm Adjustment Program established by the FSA has urged field agents to request private credit sources to give priority to rehabilitation loans of this type, and where refused applicants may either be eligible for the FSA "Food-for-Freedom" loan, or as a last recourse a WFA loan.

Squawk Committee

THE NEBRASKA BANKERS ASSOCIATION has revived its vigilant "squawk" committee. This group's function is to file protests with radio stations and sponsors, newspaper and magazine editors, movie executives, etc., who may fail to control, wittingly or not, derogatory statements about banks and bankers. This is no "chip-on-the-shoulder" group, for a similar committee several years ago found that most of the damage was done unintentionally, and that when attention was called to the injuries it was generally rectified.

Contest

THE NORTH CAROLINA BANKERS ASSOCIATION will hold its second annual A.I.B. public speaking contest at the Chapel Hill conference in July. Preliminary contests are being conducted by each of the state's chapters on the subject "War Financing and Private Banking." Finalists will compete at the conference dinner session for cash awards. The contest is sponsored by the association to increase the interest of employees and junior officers in local chapter work, and aid in the development of self-expression. It is limited to state chapters. It does not conflict with, nor is it in any way connected with the national contest annually sponsored by the American Institute of Banking.

Uniform

SECURITIES COMMISSIONS of 12 states have adopted a standard form for the qualification of new securities under their respective "blue sky" laws in line with a

program worked out by the committee on uniformity of the National Association of Securities Commissioners. This was disclosed recently in a communication by the state legislation committee of the INVESTMENT BANKERS ASSOCIATION to all major underwriters of new securities, urging their fullest cooperation. The I.B.A. emphasized economy and time saving to issuers and underwriters.

Will Contest

THE ATLANTA CLEARINGHOUSE banks have announced their 1942 annual "Will Contest" open to law students in Emory University, the University of Georgia, Mercer University, Atlanta Law School, John Marshall School of Law and the Woodrow Wilson School of Law. Each student is given a statement of facts and is then required to prepare a complete will in accordance with the information. Three cash awards in U. S. War Savings Stamps are offered to each of the ranking contestants in each school. The six finalists are judged by a committee of trust officers for the grand prize, a \$25 War Bond.

Meet the State Secretaries



New York's
Harold J.
Marshall



Illinois'
Harry C.
Hausman

The first brief sketches in a series

HAROLD J. (for JOSEPH) MARSHALL, secretary of the New York State Bankers Association, is a Missourian by birth, half Nebraskan and Hoosier by education, Iowan by bent of his career, and, by the grace of fate, a typical New Yorker.

He not only knows his banking but loves it. Witness his affiliations, which carried him from savings banking, national bank examining, commercial banking (cashier, vice-president and director) to the helmsman's wheel of New York's association. Also, he's been very active in the American Institute of Banking, as chapter president, instructor, governor, and associate state councilman.

HAROLD was recently elected secretary of the New York State Bankers Retirement System, a pension plan sponsored by the association some three years ago. He is also one of the important figures behind the management survey work of the A.B.A. State Secretaries Section.

Secretary MARSHALL has a native love of the soil and a great appreciation of the country bank and agricultural work in general. He was a supporter of the first farm school at Cornell University. As a matter of fact, Harold considers himself an unofficial member of the staff of every small country bank in the state. He is always plugging for their interests.

HARRY CRAIG HAUSMAN, secretary of the Illinois Bankers Association, descends from industrious Allentown, Pennsylvania. Philadelphia taught him the three "R's", and the University of Pennsylvania awarded him a B.S. in the class of 1908.

He would have become a Philadelphia lawyer, had he not lost this ambition in the analytical laboratories of the Pennsylvania Railroad. Later he became associated with the Library Bureau, pioneering in efficiency engineering as a "nothing a year" man in World War I. Adjustments in employment, transportation and production in the Delaware River shipbuilding industry and other manufacturing plants were under his charge. He then became district manager for the Bureau and aided in working out modern methods of bank operation.

After the war he became associated with the Liberty Systems Corporation of Chicago. In 1925 he joined the Illinois Bankers Association.

His theory of work has a philosophy. He tackles each job with vim and vigor, gets things done with dispatch.

HARRY has one ambition: to serve Illinois banks and particularly to make them conscious of the fact that the Association is not that little office on West Monroe Street, Chicago, but is in every town and hamlet of the state.

Another Look at Priorities

THE American Bankers Association has had a committee actively in touch with the priorities problem as it has developed from month to month since the beginning of the armament program. The whole purpose of the War Production Board and its various predecessors has been to assure a supply of war materials.

In order to accomplish this vital purpose, it was necessary to place restrictions around the use of these materials by all concerns not coming within the category of war goods producers. The whole trend of these restrictions has been to tighten up as our war needs increased.

The preference ratings phase of the priority problem has been, and still is, subject to change and official whim. For example, banks have been assured again and again by responsible individuals in the War Production Board that bank services will not be interrupted; but the cold fact is that they are not going to have an easy time maintaining their services. It must be realized that banks, like every other business, must find substitutes, must conserve, plan their time better, make the best possible use of man power, adopt all sorts of makeshifts if necessary, and face the job of doing all this with a depleted and often inexperienced personnel.

HERE in brief is the present status of banks in the priorities picture.

First, with reference to items of mechanical equipment ordinarily serviced by the supplier, our problem of repairs, maintenance, and operating supplies seems fairly well solved. This is true, of course, only for the time being, and only as materials are available. This matter of availability of materials is one that is the final determining factor in every case and all the time.

Regarding items and supplies usually obtained from local distributors, banks will find themselves in a position to obtain what they need. They will be as well off, let's say, as any other civilian users.

In both of these categories—that is, purchasing of things to keep us operating—the current procedure of the War Production Board is intended to eliminate the need of making out applications and getting ratings on every little thing that we want to buy. Instead of all

There were no priority problems in the days of this early American banking office



BETTMAN ARCHIVE

that vast paper work which for a time threatened to engulf the priorities staff in Washington, the present system puts it more or less up to the manufacturer or distributor. They report at intervals on how they used the various materials allotted to them, and to whom they sold their products. They also include estimates on how much these various things are going to need for the subsequent order. On the basis of the use that was made of the materials in one quarter, the authorities decide and allot materials to a company or a distributor for the following quarter.

FINALLY, there is the problem of getting new equipment, particularly if it is something that you have been getting along without, or something to replace a machine that is old but still working after a fashion.

A WPB order dated April 3 said:

"Manufacturers of all types of office machinery have been notified by War Production Board officials that their future production must be confined to products necessary to meet Army, Navy, and other essential government and Lend-Lease requirements.

"When a sufficient stockpile of products for essential demands has been accumulated, it is expected that the industry will be required to convert 100 per cent to war work. Various manufacturers already hold war contracts totaling more than \$300,000,000."

A word about application forms PD1A and PD3A:

BANKERS know that they are privileged to file an application PD1A for anything they need. Through the various bureaus and sections of the WPB daily pass thousands of these forms seeking everything from a new bookkeeping machine to springs needed by a manufacturer of jack-in-the-boxes. What happens to your application depends largely on how good a case you make tying in the desired item with some essential war activity. In the whole process of filing these applications you are dealing with human beings who feel one way today and another way tomorrow. You would doubtless be surprised to see some of the applications that have been approved and compare them with some of the rejections. Often you would see no rhyme nor reason for the different decisions. It is a vast problem and we must look with some tolerance on the efforts of the people charged with meeting it.

This PD3A form mentioned previously is used by the armed services when action is needed. Banks are understood to have obtained equipment by this means where an Army officer, or Navy officer in charge of a job attested to the need.

One thing can be said with assurance: no war production schedule will be permitted to lag because a bank handling the payroll, say, requires mechanical equipment.

Here's a last suggestion. *Don't try to get anything that you don't need, because every time a bank is turned down it tends to establish a precedent and create a hazard for the next bank that comes along.*



ROYAL STREET
in New Orleans's French Quarter

New Orleans Calling

WE ARE fortunate to have a "blue ribbon" program for the New Orleans Convention June 8-11, consisting of H. W. Koencke, president of the American Banking Association, Dr. Fred C. Wiegman, president of the Midland College, Fremont, Nebraska, Francis M. Law, president of First National Bank in Houston, Texas, and Keehne W. Berry, president of Whitney National Bank and president of the New Orleans Clearing House Association.

The convention program comprises many hard-working sessions with less emphasis on the entertainment features, because the usual five-day convention has been reduced to three days and a half. The program has been planned with interest and variety uppermost in our minds and despite abnormal times, we anticipate that the convention attendance will be substantial and that our delegates will derive inspiration from the business session and enjoy the famous city of New Orleans.

It is significant that we have sustained our membership and enrolments in the Institute. The evidences of loyalty and courage will surely prevail in New Orleans to begin another administration year of the Institute.

DAVID W. SIMMS
Chairman, Program Committee



DALE GRAHAM
New Orleans Convention Chairman



GEORGE T. NEWELL
National President



DAVID E. SIMMS
National Vice President

Convention Leaders



WILLIAM A. IRWIN
National Educational Director



FLOYD W. LARSON
National Secretary



MAY F. MCCUSKER
National Women's Chairman

The Graduate School's 8th Year

THE annual organization meeting of The Graduate School of Banking faculty and the reunion of the Graduate School alumni at the Manhattan Club in New York City last month are reminders that the eighth resident session of the School at Rutgers University will open on June 15.

The role of banks and bankers in war financing and in speeding production of essential materials and foodstuffs will be featured in class room discussions and by seminar speakers.

Some interesting details in the News Paper, page 92.



WEINMAN & LESTER

Faculty-Alumni Dinner—Dinner Chairman Patton, Faculty Member Agger, Director Stonier, Faculty Member Barry, Associate Registrar Miller, and New York Bank Commissioner White



"We're here to work" — Director Hal Stonier and one of the classes



STEINMETZ

Men at work



Coats off



STEINMETZ

At ease

PICTURE LOG—Trusts, Food, War Savings Stamps, Study Conference



WEINMAN & LESTER

TRUSTS—A.B.A. Committee on Trust Education working on revision of A.I.B. trust textbooks. *Left to right*, Miss Marion Turner, A.I.B. textbook editor; M. E. Selecman, secretary, Trust Division; Walter Kennedy, Montgomery, Ala.; Mrs. Jean Wildrick, staff secretary; J. W. Allison, chairman, Wilmington, Del.; G. T. Stephenson, director of trust research, The Graduate School of Banking; G. C. Barclay, New York City; C. D. Cowdery, St. Louis, Missouri

FOOD-FOR-FREEDOM—Kansas bankers and State College of Agriculture leaders meeting in Topeka to consider how best they can advance the Food-for-Freedom program. At head of table, *left to right*, H. J. C. Umberger, dean and director, Division of Extension; F. D. Farrell, president, Kansas State College of Agriculture; R. N. Downie, chairman, Agricultural Committee, KBA; B. A. Welch, bank commissioner; and A. G. Brown, manager, A.B.A. Agricultural Credit Department



WOLF

WAR SAVINGS STAMPS—Photographs of A.I.B. members in military service were on display at the War Stamps booth at Schenectady Chapter's annual banquet. *Left to right*, Harold Marshall, secretary, NYSBA; Dr. W. A. Irwin, A.I.B. educational director, and Misses M. Lipe, A. Juracka, E. Kingsbury and M. Dailey



MAINE STUDY CONFERENCE, Augusta. D. C. White, president, MBA, Lewiston; W. A. Irwin, educational director, A.I.B.; F. F. Lawrence, chairman, Portland; A. J. Beck, Maine Bank Commissioner; J. E. Perry, Mass. Bank Commissioner; D. J. Needham, general counsel, A.B.A.; A. J. S. Keene, president, SBA of M



Banks and Manpower, Bankers and Food-for-Freedom . . .



MANPOWER—Brig. Gen. Lewis B. Hershey speaking at annual banquet of Philadelphia Chapter, A.I.B., at which Chapter President R. D. White presided. (Remarks on page 75.) Other speakers were President G. T. Newell and Secretary F. W. Larson

"GET MORE PRODUCTION WITH WHAT YOU HAVE," said A.B.A. Deputy Manager Brown before 300 bankers and agriculturists at Kentucky's Food-for-Freedom meeting in Louisville. Leaders, left to right, Messrs. Royse, Campbell, Miller, Briscoe and Brown



MARYLAND'S FOOD-FOR-FREEDOM SPONSORS—seated, left to right, Messrs. Symons, Reese, Brown, Grady, O'Neill, Vinyard, Parkinson; standing, Messrs. McConnell, Chilcoat, Nystrom, Laughlin, Cunningham, Jenkins, Cropper



Real Estate in Wartime



CLINIC SESSION — President Frazier; F. J. Ludemann, New York State deputy superintendent of banks; R. H. West, New York; Dr. Fisher; B. F. Hogan, Brooklyn; C. A. Sienkiewicz, Philadelphia

HOUSING, rent control and the mortgage business in banks under war conditions were discussed at the American Bankers Association real estate mortgage clinic held at the Waldorf-Astoria, New York, earlier this Spring.

Stuart C. Frazier, president of the A.B.A. Savings Division and executive vice-president, Washington

Mutual Savings Bank, Seattle, and Dr. Ernest M. Fisher, A.B.A. Director of Research in Mortgage and real estate finance, were in general charge of the clinic which was held under auspices of the Division with the cooperation of Dr. Fisher's department. Speakers included several government officials interested in housing problems.

SPEAKERS — left to right, below, Dr. Fisher, A. M. Weimer, Indiana University; Assistant FHA Commissioner Draper; National Housing Administrator Blandford; Immediately below, Karl Borders, chief, OPM rent control



WEIMAN & LESTER PHOTOS
BANKING

Heard at the Clinic

PRESIDENT FRAZIER: "If privately chartered financial institutions do not do their part in financing new residential construction, we know that the Federal Government will, and rightfully so.

"Is it not better that we, as bankers, go into this job with our sleeves rolled up, rather than leave it to the Federal Government and incur the risk of receiving another blotch on our record? The Government has provided the vehicle through which we can safely do it. As much as some of us might prefer it, we cannot risk the censure of becoming government bond investment trusts. Let's all go out 'whole hog' for savings and mortgages and regain our former rank in these two fields!"

ARTHUR M. WEIMER, dean, School of Business, Indiana University: "It seems to me that real estate now represents a reasonably good investment. It will continue to be a good investment in the post-war period if we can carry out government, business and labor policies which will provide economic opportunities for the people of the country."

REPRESENTATIVE ALBERT A. GORE, Tennessee, member of the House Banking and Currency Committee: "The only fair, and effective way to control prices and to prevent inflation is to apply controls by law to all segments of our economy—straight across the board."



Left to right, President Frazier, Representative Gore, and A. George Gilman, former Savings Division president

EARL B. SCHWULST, vice-president, Bowery Savings Bank, New York City, and chairman of the clinic arrangements committee: "The possibilities of the 'demountable' house seem enormous. The ability to transport whole neighborhoods from one place to another at only modest cost introduces entirely new problems in the future of mortgage lending. Will this development remove the incentive of land ownership and will people simply rent or lease plots and utilities for their movable homes? How may financing be arranged within traditional limitations which accept land ownership as a basic factor of conservative mortgage financing?"

Left to right, National Housing Administrator Blandford; President Mills, National Association of Mutual Savings Banks, who is almost hidden by the reading desk; Assistant FHA Commissioner Draper; President Frazier; and W. E. Albig, secretary, Savings Division



A.B.A. Substitutes War Finance Conference for Its Convention

Recognizing that the nation's wartime needs and problems transcend all other interests, the American Bankers Association will hold a National Conference on Wartime Finance in Detroit, Sept. 28-30, in place of its annual convention. The change was voted by The Executive Council at the Spring Meeting in French Lick, Ind., as BANKING went to press.

The plan contemplates an intensive shirt-sleeve conference on all phases of wartime finance. The program planned for the convention will be cut down by a day and a half and all entertainment features will be eliminated.

Essential business of the Association will not be restricted. The usual general and divisional business sessions will be held.

G.S.B. Lists Its Seminar Men

Britisher, Ayres, Among Speakers

Seminar speakers for the 1942 resident session of The Graduate School of Banking of the American Bankers Association to be held at Rutgers University, New Brunswick, N. J., from June 15 to 27, have been announced by Dr. Harold Stonier, executive manager of the A.B.A. and director of the School.

W. J. Hinton, deputy director of the Reference Division of the British Ministry of Information, is expected to speak on "How the British Banks are Financing the War Without Inflation." Mr. Hinton will fly to the United States. Two ships on which he attempted to sail earlier this year were bombed.

Other seminar speakers include the Reverend Edmund J. Walsh, S.J., of the School of Foreign Service, Georgetown University, Washington; Brig. Gen. Leonard P. Ayres, vice-president-on-leave, The Cleveland Trust Company, who is

(Continued on page 93)



John S. Linen



H. E. Randall

Two Bankers Added to G. S. B. Faculty

New Graduate School of Banking faculty members announced by Director Stonier include John S. Linen, vice-president, The Chase National Bank of New York, who will teach investments, and Harold E. Randall, assistant vice-president, The First National Bank of Boston, an alumnus of the class of 1939, who will teach commercial banking.

Dr. Stonier previously announced four others who will instruct at the 1942 session of The Graduate School of Banking for the first time. They are: Gwilym A. Price, president, Peoples-Pittsburgh Trust Company, who will teach trust administration; Harold L. Reeve, secretary

and general counsel, Chicago Title and Trust Company, who will lecture on savings management; Harry R. Templeton, vice-president, The Cleveland Trust Company, who will lecture on savings management; and Edward A. Wayne, secretary, North Carolina Bankers Association, who will lecture on savings management and investments.

Mr. Randall is a member of the Committee on Savings Costs of the American Bankers Association Savings Division.

War Role Stressed

Courses at the resident session this year will stress the wartime problems and services of banks and bankers.

Membership Roll Is At New Peak

86.3% of Nation's Banks in A.B.A.

The membership of the American Bankers Association embraced 86.3 per cent of all banks in the United States on March 31, the highest percentage ever attained in the history of the Association.

New members received from Sept. 1, 1941 to March 31, 1942, totaled 512, compared with 441 in the same period of the previous A.B.A. year. In March 85 new members were added, representing 25 states and one foreign country, as against 46 for March 1941.

Iowa's 12 new members set the highest total for any state in March, and made a reduction of 20 per cent in the non-member list for Iowa since Sept. 1. R. O. Byerrum is state vice-president.

Georgia, which is aiming toward another representative on the Executive Council, added seven, and has cut its non-member list by 56 per cent.

Arkansas, under State Vice-president E. P. Pyeatt, increased its A.B.A. membership by six. Since the beginning of the Association year Arkansas' non-member list has been reduced 46 per cent.

Bond Redemptions Studied by A.B.A.

The A.B.A. Bank Management Commission is surveying the practices being followed by banks with respect to charging for handling the work and assuming responsibilities incident to redemption of War Savings Bonds for purchasers.

A uniform redemption policy will be drafted.

Newell Offers Services of Institute for War Bond Pledge Campaign

The services of the 70,000 members of the American Institute of Banking have been offered to the U. S. Treasury for its nationwide War Savings Bond pledge campaign by George T. Newell, national president of the A.I.B. and vice-president of the Manufacturers Trust Company in New York City.

In a letter to Ted R. Gamble, consultant to the Secretary of the Treasury at Washington, Mr. Newell said:

"It is our desire to supplement the work you are undertaking and I am therefore volunteering the services of this banking organization to assist you in every way possible.

"It is our thought that the

best approach we can make is to advise our leaders throughout the country that this campaign is being undertaken and ask that they place themselves at the disposal of the state and local committees of the Defense Savings staff. We understand that pledge campaigns have already been conducted in Oregon, Iowa and Montana and know that a number of Institute men have played an important part in the work in Oregon. We have various national committees such as public speaking, forum and seminar, public relations and publicity, who might also be found useful in explaining your objectives to the various communities."

Banks' Attention Called to RFC's Coal Loan Memo

J. Harvie Wilkinson, Jr., chairman of the A.B.A. National Defense Loans Committee, has called to the attention of all banks in the country the RFC memorandum stressing the importance of making credit readily available to retail coal dealers so that coal can be moved in large quantities from mines to storage.

"While there is no shortage of coal," wrote Mr. Wilkinson, "there is contemplated a critical shortage of railroad cars next Summer and Fall. So the Government is extremely anxious to move large quantities of coal from mines to homes, business establishments and retail dealers' yards and storage facilities during the early Summer, while coal cars are still available. In other words, consumers are being asked to hoard coal now.

"In the RFC's memorandum is stated the importance and desirability of having the banks of the country participate in the financing of coal dealers.

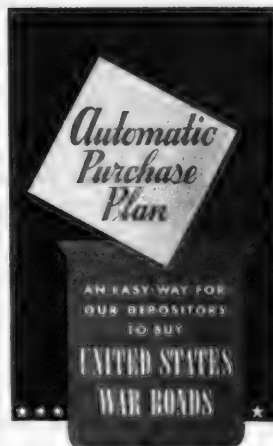
"A copy of the memorandum is enclosed and is self-explanatory. The value of this service to assist in the moving of coal

to the storage facilities of the country is obvious. We urge a careful reading of the memorandum enclosed."

Revising Credit Department Book

A committee of the Bank Management Commission is revising the booklet on credit department organization.

The committee consists of William J. Kinnamon, cashier, Hunterdon County National Bank, Flemington, N. J., chairman; H. G. Diekelmann, cashier, Horicon (Wisc.) State Bank; and H. O. Eversmann, assistant vice-president, Bank of New York, New York City.



New Bond Folder

New Income Tax Requirement

The American Bankers Association has called to the attention of secretaries of state associations and city and regional clearinghouses the recently issued Internal Revenue Bulletin 5.

This requires all organizations exempt, or claiming to be exempt, from filing Federal income tax returns, to file certain questionnaire and information returns with the local collector of internal revenue on or before May 15, 1942.

The secretaries were advised by Frank W. Simmonds, secretary of the State Secretaries Section and of the Bank Management Commission, that details of the new requirement, as well as the necessary forms, could be obtained from local collectors.

New A.B.A. Ad Series Offered

A series of educational folders on wartime services of banks has been prepared by the Advertising Department of the American Bankers Association for distribution by banks to their customers.

The booklets recently mailed include: "Automatic Purchase Plan," "Personal Loans—Our Wartime Policy," "Safeguarding Your Valuables in Wartime," and "Buy Coal Now." Other timely booklets will be out shortly.

The bond envelope has been revised with the new name adopted by the Treasury on it.

G.S.B. Seminar

(Continued from page 92)

now serving the War Department as director of its statistical branch and coordinator of statistics; and Dr. Paul F. Cadman, A.B.A. economist and director of Research Council.

W. A. Lyon, financial writer of the New York *Herald Tribune*, B. H. McCormack, of the *Wall Street Journal*, J. E. Drew, secretary, Public Relations Council, and Lester Gibson, director, A.B.A. News Bureau, will compose a panel on financial journalism.

Clark G. Kuebler, assistant professor of classics in the College of Liberal Arts, Northwestern University, Chicago, will make the commencement address.

A.B.A. Staff in First Aid Course

Forty A.B.A. staff members complete the standard American Red Cross First Aid course on May 5. Charles E. Orcutt, of the Association's legal staff, has instructed his co-workers in the art of bandaging, artificial respiration and applying splints.

Class attendance has been excellent, and the instructor reports that students are so eager he finds it difficult to bring sessions to a close.



McLAREN

M. A. Brown Resigns A.B.A. Chairmanship

Mark A. Brown, vice-president, Harris Trust and Savings Bank of Chicago, has resigned the chairmanship of A.B.A.'s Committee on Priorities to accept the office of financial adviser to the director of the Division of Industry Operations of the War Production Board.

Mr. Brown already has assumed his new duties with the Washington bureau.

W. J. Waller, vice-president, Hamilton National Bank, Washington, D. C., is carrying on the work of the Priorities Committee with the aid of Ben E. Young, vice-president, National Bank of Detroit.

Bar Association Appoints Paton

Thomas B. Paton, assistant general counsel of the Ameri-

Sixth Annual School Savings Forum Held

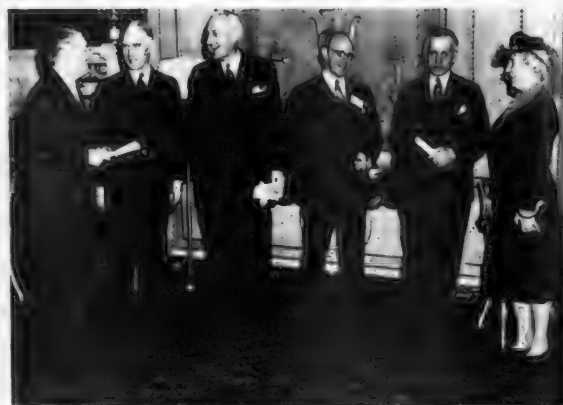
The sixth annual school savings forum, conducted by the A.B.A. Savings Division, was a feature of the New York real estate mortgage clinic.

Stuart C. Frazier, division president, opened the forum with a description of how the school savings plan operates in the Washington Mutual Savings Bank of Seattle, of which he is executive vice-president.

Ways and means of adapting existing School Savings programs to the purchase of War Savings Stamps was the principal topic of discussion. Speakers explained methods found workable and acceptable.

can Bankers Association, has been appointed to the American Bar Association's newly formed committee on banking law.

The function of this committee will be to study existing laws and to keep abreast of



WEIMAN & LESTER

School Savings Speakers—Above, left to right, J. R. Dunkerley, Savings Division assistant secretary; William Poland, Defense Savings Staff assistant to Secretary of Treasury; Neville Ford, New York State Defense Savings Staff administrator; President Frazier; F. F. Lawrence, Portland, Me., chairman, A.B.A. School Savings Committee; Mrs. A. P. Stevens, Maine Savings Bank, Portland

pending legislation affecting banks and their operations.

In addition to Mr. Paton, members of the Bar Association committee include: Charles B. Dunn, general counsel, Federal Reserve Bank of Chicago,

chairman; Albert C. Agnew, general counsel, Federal Reserve Bank of San Francisco; William D. Cudlip, general counsel, Michigan Bankers Association, Detroit; and Allison E. Stuart of Lafayette, Indiana.

CONVENTIONS

Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.

American Bankers Association

June 8-11	American Institute of Banking, New Orleans
June 15-27	The Graduate School of Banking, Rutgers University, New Brunswick, New Jersey
Sept. 28-30	National Conference on Wartime Finance, Book-Cadillac Hotel, Detroit

State Associations

May 4-6	Arkansas, Arlington Hotel, Hot Springs
May 7-8	Oklahoma, Tulsa
May 11-12	North Carolina, The Carolina Hotel, Pinehurst
May 11-13	Mississippi, Hotel Buena Vista, Biloxi
May 11-13	Missouri, Hotel Connor, Joplin
May 13-14	Indiana, Claypool Hotel, Indianapolis
May 13-14	South Carolina, Columbia Hotel, Columbia
May 13-15	Kansas, Topeka
May 14-15	Alabama, Jefferson Davis Hotel, Montgomery
May 14-16	New Jersey, Traymore Hotel, Atlantic City
May 15	New Hampshire, Hotel Carpenter, Manchester
May 18-20	California, Hotel Del Monte, Del Monte
May 19-20	Tennessee, Andrew Jackson Hotel, Knoxville
May 20-21	Ohio, Hotel Statler, Cleveland
May 20-22	Illinois, St. Louis, Missouri
May 20-22	Pennsylvania, Traymore Hotel, Atlantic City
May 21-22	Maryland, Lord Baltimore Hotel, Baltimore
May 21-23	Massachusetts, New Ocean House, Swampscott
May 22-23	New Mexico, La Fonda Hotel, Taos
May 24-26	New York State, Hotel Astor, New York City
May 25-27	District of Columbia, Columbia Country Club, Chevy Chase, Maryland
May 26-28	Texas, Gunter Hotel, San Antonio
June 3-5	South Dakota, Cataract Hotel, Sioux Falls
June 5-6	Idaho, Sun Valley
June 5-6	Virginia, Roanoke Hotel, Roanoke
June 8-9	Oregon, Hotel Baker, Baker
June 11-12	Washington, Davenport Hotel, Spokane
June 12	West Virginia, Daniel Boone Hotel, Charleston
June 12-13	North Dakota, Dickinson
June 12-13	Utah, National Park Lodge, Bryce Canyon
June 16-18	Wisconsin, Hotel Schroeder, Milwaukee

June 18-19	Michigan, Book-Cadillac Hotel, Detroit
June 18-20	Montana, Yellowstone National Park
June 22-23	Wyoming, Elks' Home, Sheridan
June 25-27	Colorado, Stanley Hotel, Estes Park
June 26-28	Maine, Poland Spring House, Poland Spring
July 8-10	Minnesota, Hotel Duluth, Duluth
Sept. 6-9	Iowa, Ft. Des Moines Hotel, Des Moines

Other Organizations

May 6-8	National Association of Mutual Savings Banks, The Waldorf-Astoria, New York City
May 21-23	Mid-Continent Regional Conference, National Association of Bank Auditors and Comptrollers, President Hotel, Kansas City, Missouri
May 21-23	National Safe Deposit Association, Minneapolis
May 27	New Jersey Savings Banks Association, Montclair Golf Club, Verona
May 29-30	Arkansas Junior Bankers, Fort Smith
June 2-5	Kansas University Banking Clinic, University of Kansas, Lawrence
June 5-6	New Hampshire Bank Management Conference, Amos Tuck School, Dartmouth College, Hanover
July 13-17	North and South Carolina Bankers Study Conference, Chapel Hill, North Carolina
July 19-24	Stanford Business Conference, Stanford University, California
Sept. 2-5	Virginia Bankers Conference, University of Virginia, Charlottesville, Virginia
Sept. 10-12	Savings Banks Association of Maine, Mount Washington House, Bretton Woods, New Hampshire
Sept. 17-19	Savings Banks Association of Massachusetts, New Ocean House, Swampscott
Sept. 23-25	Savings Banks Association of State of New York, The Waldorf-Astoria, New York City
Oct. 7-10	National Association of Bank Auditors and Comptrollers, Hotel Roosevelt, New York City
Oct. 12-14	Morris Plan Bankers Association, Seaview Country Club, Absecon, New Jersey
Oct. 26-28	Financial Advertisers Association, Edgewater Beach Hotel, Chicago, Illinois

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State, County and Municipal Securities	18,271,772.22
Other Securities	39,966,537.14
Loans and Discounts	94,383,559.20
Bank Buildings	2,727,500.00
Accrued Interest Receivable	2,139,382.76
Customers Liability Account of Acceptances	1,731,080.00
	<hr/>
	\$679,076,711.19

LIABILITIES

Capital Stock	\$14,000,000.00
Surplus and Net Profits	32,536,119.16
Reserve for Contingencies	3,550,145.25
Dividend (Payable April 1, 1942)	875,000.00
Reserved for Taxes and Interest	1,496,474.00
Unearned Discount	182,386.40
Acceptances	2,816,421.48
Deposits	623,620,164.90
	<hr/>
	\$679,076,711.19

EVAN RANDOLPH, *President*

CHARLES P. BLINN, JR., *Executive Vice-President*

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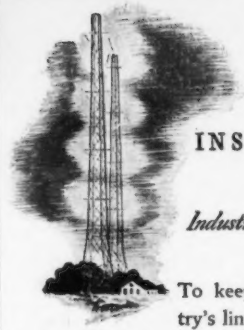
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